

Comprehensive Annual Financial Report



Period Ending December 31, 2007
Town of Highland, Indiana



Comprehensive Annual Financial Report Town of Highland, Indiana



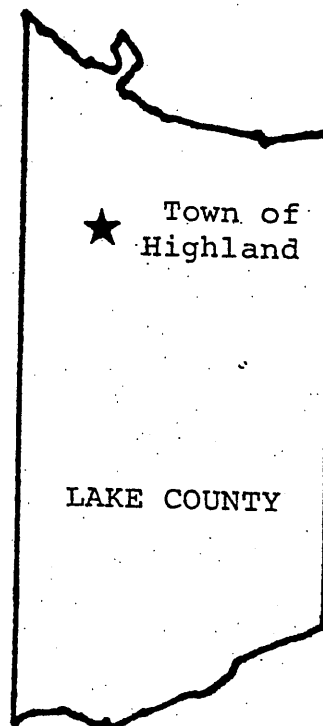
For the Year Ended
December 31, 2007

Prepared by the Office of the Highland Clerk-Treasurer

Michael W. Griffin, IAMC/CMC/CPFA
Clerk-Treasurer

On the Cover. The Highway of Flags Veterans' Memorial, located at the Southeast corner of Indianapolis Boulevard (US 41) and Ridge Road, is a local landmark dedicated to the Veterans of the Armed Forces. It features the flags of the eight states through which US Highway 41 winds and features an ensign for all of the armed forces of the United States. Highland honors its veterans.

(Photos courtesy of Tonia Amaloo)



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007
Town of Highland, Indiana**

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TOWN OF HIGHLAND

Highland Municipal Building • 3333 Ridge Road

Highland, Indiana 46322

219-838-1080 • Fax 219-972-5097



Population 23,546

Incorporated in
1910

Monday, June 30, 2008

Highland Town Council
Town of Highland, Indiana

Dear Members of the Town Council and Citizens of the Town of Highland:

It is with pleasure that I submit this letter as introduction to the Comprehensive Annual Financial Report (CAFR) of the Town of Highland for the year ended December 31, 2007. This report has been prepared following guidelines set by the Government Finance Officers Association (GFOA) of the United States and Canada. As in previous years, this report will be submitted to the GFOA for its review.

The Town of Highland continues to believe in the important public benefits to be derived from the level of disclosure and added accountability attained through comprehensive financial reporting. Part of what we believe sets our Town apart is the Town Council's commitment to sound fiscal growth and support of our clerk-treasurer's efforts to improve the quality of our public reporting and general public stewardship.

This comprehensive report is supported and encouraged by the entire Town Council, the Board of Waterworks Directors, and the Board of Sanitary Commissioners. I am reliably advised how nearly fourteen years ago our clerk-treasurer began to advocate for this form of reporting. I remain very pleased that the proper steps were taken to bring about this level of financial reporting, for what is now our *thirteenth* time. The Town Council and the associated boards and commissions recognize that the commitment by the Clerk-Treasurer to quality reporting and absolute compliance with statutory or regulatory requirements is in large part what makes this CAFR possible. Michael would encourage me to remember the staff in the Office of the Clerk-Treasurer as well as the on-going post-audit work of the Indiana State Board of Accounts for their important contributions as well.

I sincerely believe that this commitment to quality financial reporting benefits our entire community. I hope that after a review of this year's CAFR, you will come to think so too.

Sincerely,

Bernie Zemen
Town Council President

TOWN COUNCIL

BERNIE ZEMEN
1st Ward

MARK A. HERAK
2nd Ward

ROBERT HELMER
3rd Ward

JOSEPH A. WSZOLEK
4th Ward

DANIEL E. DERNULC
5th Ward

JOHN M. BACH
Public Works Director

RHETT TAUBER
Attorney

CLERK - TREASURER

MICHAEL W. GRIFFIN

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TOWN of HIGHLAND

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Michael W. Griffin, IAMC/CMC/CPFA
Clerk-Treasurer

Carol L. Morrison, IAMC/CMC
Deputy Clerk-Treasurer

Staff

Dawn Kovacich
Shirley Frankiewicz
Kelley Hugus
Sylvia Ricketts
Debra Seremet
Denise Jacobs
Emmie Daniel

Monday, June 30, 2008

Highland Town Council
Bernie Zemen, President
Town of Highland, Indiana

Dear Mr. President, Members of the Town Council, Mr. Town Manager
and Citizens of the Town of Highland:

Formal Transmittal

It is with great pride and sense of accomplishment that I submit the Comprehensive Annual Financial Report (CAFR) of the Town of Highland for the year ended December 31, 2007. As you may know, this is the *thirteenth* presentation of this annual financial report presented under a format that provides a greater degree of detail and disclosure.

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by the Indiana State Board of Accounts. Pursuant to that requirement, the Office of the Clerk-Treasurer hereby issues the comprehensive annual financial report of the **Town of Highland** for the fiscal year ended December 31, 2007.

The report consists of management's representations concerning the finances of the **Town of Highland**. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report.

To provide a reasonable basis for making these representations, management of the **Town of Highland** has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town of Highland's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Highland's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, the Office of the Clerk-Treasurer asserts that, to the best of its knowledge and belief, this financial report is complete and reliable in all material respects.

Professional Associations

Government Finance Officers Association
Northwest Indiana Chapter of ASPA
Municipal Treasurers Association
International Institute of Municipal Clerks
Indiana League of Municipal Clerks & Treasurers
American Institute of Parliamentarians
National Association of Parliamentarians
Indiana Association of Parliamentarians

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Pi Alpha Alpha, Member
Certified Municipal Clerk
Certified Municipal Finance Administrator
Master Municipal Clerks' Academy
GFOA Award of Financial Reporting Achievement
IACT Award for Excellence in Municipal Finance

The **Town of Highland's** financial statements have been audited by the Indiana State Board of Accounts, an entity comprised of licensed certified public accountants and established by IC 5-11-1 to review and perform the external audit of governments in Indiana. The goal of the independent audit is to provide reasonable assurance that the financial statements of the **Town of Highland** for the fiscal year ended **December 31, 2007**, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The State Board of Accounts concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the **Town of Highland's** financial statements for the fiscal year ended **December 31, 2007**, are fairly presented in conformity with GAAP. The State Board of Accounts' report is presented as the first component of the financial section of this report.

GAAP requires that the management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The Town of Highland's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Highland provides general governmental services. Police, Emergency Medical Services and Fire Departments provide such public safety services as traffic control, limited criminal investigation, property protection, local law enforcement, ambulance services, fire suppression and fire prevention. Other departments provide additional governmental services such as local code enforcement, planning, zoning, construction inspection, street and road maintenance, infrastructure maintenance and construction, solid waste collection and disposal, recycling, and limited cultural and recreational activities. Under Indiana law, the Highland Town Council also serves as the Works Board for the Town. The governing body for the Town's Water Utility is the Board of Waterworks Directors. In addition, the Board of Sanitary Commissioners is the governing body for the Sewage (Wastewater/Storm water) Utility. The Water Utility and the Sanitary District are reported as enterprise funds depicted as *business activity* of the primary government.

The primary government is governed by and operates under a five (5) member Town Council. The Town Council serves as the legislative and fiscal body of the Town. The five (5) members run from different districts or "wards" but are elected by the voters of the entire town for a term of four (4) years. The Town Executive is the Town Council President who is elected by the Town Council from its membership for a term of one year. As town executive, authority is limited to some appointments to boards and commissions, presiding at meetings of the Town Council, and the revocation of certain licenses issued by the Town. In addition, a Town Clerk-Treasurer is elected by the voters of the whole town for a term of four (4) years. The Clerk-Treasurer serves as the clerk of the legislative body and of the town, as well as the chief fiscal officer of the municipality and its departments.

The annual budget serves as the foundation for the **Town of Highland's** financial planning and control. All departments of the Town of Highland are required to submit requests for appropriation to the Town Council President and the Clerk-Treasurer on a date determined annually. The requests are then compiled and reviewed by the Town Council, the Town Council President and the Clerk-Treasurer. The Town Council is required to hold a pre-adoption hearing and an adoption hearing on the proposed budget. The budget as adopted must be within the property tax controls set forth in IC 6-1.1-18.5. The budget must be adopted no later than September 30 in a given year. The appropriated budget is prepared by fund, function and department. The budget then is reviewed by the Indiana Department of Local Government Finance (DLGF) for compliance with IC 6-1.1-17 and the tax controls statute to which I earlier alluded. *In normal years*, the budget approving order is issued by the DLGF no later than February 15 of the year following the adoption by the budgetary body.

Transfers of appropriations between major categories of expense may be made only upon the approval of the Town Council as fiscal body. Transfers between departments require a special hearing published by legal notice just as if an additional appropriation was being sought.

Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, the comparison is presented on **page 64** as part of the basic financial statements for the governmental funds. The other major governmental fund, the Parks and Recreation Fund, has this comparison depicted on **page 66**. For governmental funds, other than the general fund with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which begins on **page 71**. Also included in the governmental fund subsection are project length budget to actual comparisons for each governmental fund for which a project length budget has been adopted.

General Description

Highland is one of the "Ridge Communities," so-called because of the high ground that runs east-west through the northern part of the Town. The Ridge was once a beach-front for the receding waters of the Ice Age Lake Chicago. The Town of Highland was incorporated April 4, 1910.

The Town of Highland is essentially a residential community with retail and service establishments and a small cohort of light industry. Although it is important to point out that as of the assessing period for the year 2000, commercial/industrial properties represent the majority of the tax base at approximately 57%, while residential property represents approximately 40% of the tax base. The growth of the Town since the 1930 census can be attributed to the demand for residential sites in an area near the industrialized Calumet Region of northern Lake County. Today, Highland is one of Indiana's larger "towns," as the 8th largest municipality in the county and approximately 30th out of 567 in the state, with a 2000 census population of approximately 23,546.

Commerce and Transportation

The Town of Highland is located in Northwestern Indiana in Lake County, approximately 30 miles southeast of Chicago and 150 miles northwest of Indianapolis. The Tri-State Expressway (Interstate 80/94) is located just north of the Highland town limits. Other routes accessible to Town residents include Interstate 90, U. S. Highways 41 and 6, and State Roads 152 and 912. Interstate 65 is approximately seven miles east of Highland. This close proximity to those major cities and the accessibility to transportation routes have allowed Highland to attract several new retail and commercial establishments as well as new residents from nearby Illinois.

Access to downtown Chicago is facilitated by bus services and the South Shore Railroad. Nearby Gary/Chicago Municipal Airport and the Griffith Airport furnish charter air services. Highland is within approximately sixty miles of O'Hare International Airport and Midway Airport, both located in Chicago.

Education

Public Education is provided by the School Town of Highland, which is a separate and distinct public entity governed by a separately elected Board of School Trustees. The Board is comprised of five (5) persons elected for terms of four (4) years on a staggered basis. The election is non-partisan. The School Town of Highland reported a combined enrollment of 3,462 for the 2007-2008 term. It maintains four (4) elementary school buildings, one (1) middle school, and one (1) high school. The following table indicates enrollment for the 2005-2006 and the preceding fourteen (14) terms:

School Town of Highland

<u>School Year</u>	<u>Enrollment</u>
2006-07	3,447
2005-06	3,451
2004-05	3,416
2003-04	3,382
2002-03	3,340
2001-02	3,306
2000-01	3,233
1999-00	3,250
1998-99	3,232
1997-98	3,258
1996-97	3,219
1995-96	3,279
1994-95	3,207
1993-94	3,195

Private, religious education is also available from three (3) other schools in Highland. Our Lady of Grace School, associated with the Gary Diocese, offers education for grades Kindergarten through Eight. Highland Christian School, an independently organized school affiliated with the Christian Reformed Church of

America, offers education from Kindergarten through Eighth grade. Calvary Christian School offers education Kindergarten through 8. *The Calumet Baptist School was an independent school offering grades seven through twelve in Highland, but in 2005 moved its facility to nearby Griffith, Indiana.* A summary of the private school enrollment is set forth in the following table:

	Our Lady of Grace	Highland Christian	Calumet Baptist	Calvary Christian
2006-2007	176	343	(closed)	97
2005-2006	176	349	(closed)	88
2004-2005	171	348	23	92
2003-2004	192	345	199	
2002-2003	231	360	200	
2001-2002	230	340	220	
2000-2001	238	355	289	
1999-2000	262	363	314	
1998-1999	273	372	311	
1997-1998	292	424	335	
1996-1997	299	388	335	

Cultural and Recreational Survey

The Town of Highland, through its Parks and Recreation Department, governed by a Park and Recreation Board, maintains 22 parks totaling 250 acres. The department also hosts and maintains the 4 mile Cross-Town Bike Trail. Highland's parks offer playground facilities, picnic areas, fishing ponds, tennis courts as well as baseball, softball and soccer fields. The Parks and Recreation Department also operates a year-round community and senior citizens center, Lincoln Community Center, which now features a 36,000 square foot athletic fieldhouse. The department offers arts & crafts programs and various other family activities to area residents. A community band and summer musical theater program is also featured. In addition, the department publishes and distributes three times annually to all Highland residents a program brochure which features most of the programs described.

The Parks and Recreation Department was instrumental in creating the Cooperative Special Recreation Initiative (CRSI). This is a shared effort between local parks and recreation departments to provide recreational opportunities for people with special needs.

Northwest Indiana also is home to the Northwest Indiana Symphony, which plays concerts in the Star Plaza Theater in Merrillville, as well as venues throughout the area, which has included on occasion, Highland's Main Square Park.

Highland is located in the *Lake County Library District*, one of seven Library Districts in Lake County. The Highland Branch is one of the largest branches in the Lake County Library system. In addition to traditional lending of books, the library also provides many programs for many interests. Reading groups for all ages, business and tax planning seminars, and arts and crafts instruction are among the offerings.

Information Useful in Assessing the Government's Economic Condition

Highland boasts a 60-acre shopping center, Highland Grove, initiated during the summer of 1995. It continues to operate successfully and enjoys nearly full occupancy as of this writing. The shopping center includes national and regional chains such as a Target Store, and a Kohl's Department Store. In addition, there is an Office Max, a KB Toys Store, a Famous Footwear Shoe Store, and a Borders Book Store.

Retail, commercial and service sectors continue to be prominent in driving local new development in Highland. 48% of employees in Highland work in retail trade. The portion of Highland workers in Accommodation and Food Service is 17.3%. You may wish to review **page 165** in the statistical section and review a summary of the 2002 Economic Census.

Very near the Highland Grove Mall site, a Meijer store is in operation. Meijer is a regional retailer which features the "hyper market" or "hyper store" concept. A hyper market store blends the grocery store with the department and automotive store to form a potentially single stop shopping venue. As previously stated, Meijer market's primary building possesses 237,000 square feet of space to be used by a single retailer. In addition, a 4,662 square foot professional office building is located there, housing professional and insurance services. These join a 1950's retro-designed McDonald's Restaurant and a 12,786 square foot, two-story structure established to house a multi-service site for **First Midwest Bank**, a nationally chartered bank. Finally, a **Discount Tire** was recently added to the site. Also complimenting the existing retail, banking and professional development is an Office Depot.

This area has become an impressive commercial, retail and restaurant development in recent years. It is significant to note that while the development which lies east of Indianapolis Boulevard is considered an economic development area, no allocation area (TIF) exists and no special incentives were employed to foster this development.

At the start of 1996, approximately 758 acres, or 21%, of Highland remained undeveloped, although much of the space is the subject of development proposals. At the close of **2007**, the amount of the undeveloped land was reduced greatly. Even with so much retail and commercial development, residential development continues to occur as well. *By the close of 2007, building permits were issued for 22 single-family dwellings, 3 Institutional, Commercial or Industrial and 1,569 miscellaneous permits.*

Finally, the continuing presence of three Lake Michigan-based gaming and showboats in the nearby lake-shore communities of Gary, Hammond, and East Chicago continue to provide additional employment and financial opportunities. In fact, all three of these gaming sites, Hammond's *Horseshoe/Harrah's*, Gary's *Majestic Star* and *Resorts East Chicago*, continue to make the list of the area's larger employers.

Donald L. Coffin, Ph.D., an area economist and associate professor of economics at Indiana University Northwest, notes in the Indiana Business Review, Outlook 2008,

(Winter 2007) Vol. 82, No. 4, that from September 1990 through September 2007 employment in Northwest Indiana grew at an average annual rate of 0.6 percent. Indiana statewide employment grew at an annual average annual rate of 1 percent and in the nation at a 1.4 percent rate during the same period. Dr. Coffin characterized the unemployment rate in northwest Indiana as “not exceptionally high, falling from 5.1% in 1990 to 4.2% in September 2007.” He further reported that during the same period the U.S. unemployment rate fell from 5.1% to 4.5%. Further he reported that Indiana saw a drop from 4.5% to 4.1%.

Dr. Coffin indicated that weekly earnings grew more rapidly locally than the state in the construction, manufacturing, and wholesale trade while transportation, utilities, finance and health care grew more slowly.

In describing some challenges for new business locating to Northwest Indiana, Dr. Coffin reported that the Indiana Business Research Center projected population shrinkage in central labor force group ages 25 to 44 in Northwest Indiana between 2005 and 2010. He further reports that for Lake and Newton County, will likely experience the fastest rate of shrinkage at around 0.5 percent.

Dr. Coffin describes the service-providing sector generally and the health care and social services sectors in particular as likely to offer the strongest prospects for growth in employment in Northwest Indiana. He reports that health care accounts for approximately 13% of total employment. He further reports that the health care sector has enjoyed more rapid growth than other sectors, increasing at a rate of 2.6% per year since 1990. Dr. Coffin notes that Accommodations and Food Services (food services became a part of the hotel/motel sector rather than retail sector when these sectors were redefined) has been adding jobs at a rate of 1.4% per year since 1990. Finally, he notes that health care and accommodations and food services will account for “more than 100 percent of the total job growth in the local economy.”

Dr. Coffin forecasts 0.3 percent growth in overall employment, representing about 1,000 net new jobs, keeping Northwest Indiana as a slow growth region. Dr. Coffin noted the planned expansion by the BP Refinery, located in Northwest Indiana. The expansion will add 1.7 million gallons per day of refining capacity, or an increase of 15%. After allowing for the increase in construction employment, the apparent increase in permanent jobs is projected at only 80.

The Town of Highland, while not insulated from the character of the economy, has been able to maintain operations and manage spending. It is in this context that the Town of Highland continues to enjoy a stable outlook. However, the State Legislature’s recent adoption of HEA 1001, which provides significant property tax relief largely through revenue reduction to civil units of government, and other profound changes to the system of public finance could affect this outlook, beginning in FY 2009 and later.

There was a General Reassessment in our County in FY 2003, which moved the assessment of real property toward a market based system. At reassessment, the metric was values at 1999. In 2007, there was conducted statewide “trending”, designed to update market values to the 2005 values for the purposes of property taxation. Not unlike the general reassessment, the recent “trending” created a delay in collections of property taxes. The Indiana General Assembly did pass a law to

permit the County Treasurers to issue lawfully binding “provisional tax bills,” which at least in part ameliorated the problem of cash and collections for local governments, including the Town of Highland. The settlement of Pay 2006 taxes was made in early January of 2007. nearly 70% of the final settlement for pay 2007, was not settled until early in FY 2008. As of this writing, bills for Pay 2008 are projected to be delayed as well.

A key provision in the “property tax reduction” is the adoption of hard tax caps, styled as “circuit breakers”, which beginning in FY 2009 would limit the amount of property taxes on homesteads at 1.5%, on other residential and commercial property at 2.5% and all other classes of real property and improvements at 3.5% of the assessed value of the property subject to tax. These percentages are scheduled to change to 1%, 2% and 3% respectively in FY 2010. Further, a statutory reform that directs the State of Indiana to assume the liabilities of the pre-1977, non-actuarial public safety pensions for cities and towns, includes a provision that would “reduce and reset” the maximum levy for all affected units by the amount of “new money” the state provides. This will mean for Highland a likely operating levy reduction. The economic prospect for Highland, even in the context of the foregoing, is still stable. It is expected that service levels should be maintained.

Long-Term financial planning. Even with the foregoing tax complications, the Town Council and other boards of the Town continue to explore capital plans, but are circumspect. The Governor appointed a Blue Ribbon Panel, Chaired by the former Governor, Joseph Kernan and the Chief Justice of the Indiana Supreme Court, Randall Shepard, to consider the current tax problem and examine the structure of Indiana government at all levels. The commission submitted its report, but many of its recommendations have yet to be embraced by Indiana General Assembly. (See [http: indianalocalgovreform.iu.edu/recommendations/index.html](http://indianalocalgovreform.iu.edu/recommendations/index.html)).

The Town Council authorized a five-year term Note, in the projected amount of \$148,000 to support the purchase of residential property that adjoins the current municipal building and parking lot. This acquisition is being undertaken to support a possible expansion or reconstruction of the municipal building.

The Town Council is scheduled to move forward with a partially Federal aided Highway Improvement project, Kennedy Avenue Reconstruction and Improvement. The local match may require approximately \$800,000 to 1 million dollar bond financing.

The Park and Recreation Board is developing plans for a reconstruction and retrofit of the Lincoln Community Center, involving code compliance upgrades, entrance redesign and repair and facility modification. As of this writing, no formal financing plan has been approved.

Cash management policies and practices. The Town has for many years followed the policy of paying for goods or services received within 30–45 days of receipt of vendor billing. While investment earnings are reduced by this policy, we believe such a policy reinforces the worthiness of the Town as to its credit integrity and its moral ethos. However, we follow an aggressive policy with respect to projecting cash requirements, keeping temporarily idle funds invested in fully secure investments. The Town, through its Office of the Clerk–Treasurer, has also

developed a written investment policy which employs the "most prudent investor" rule. Investments are made pursuant to this policy and Indiana statutes.

Section Five of the Investment Policy reads in pertinent part: "The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the entity's investment risk constraints established by IC 5-13-9 *et seq.* and cash flow needs." It further reads: "the basis used by the Clerk-Treasurer to determine whether market yields are being achieved shall be the ninety (90) days Treasury Bills rate."

For the period just ended. Fixed Market yields are highly correlated to the intended federal funds rate. There were three different changes to the rate by the Board of Governors. From January to September 17, 2007 the intended rate was 5.25%. On September 18, the rate was reduced by 50 basis points to 4.75%. At the close of 2007, the rate had dropped further to 4.25%. In 2007, the slightly less demanding liquidity pressures in some funds and slightly higher average available fund balances contributed to higher overall yield for the year as compared to last. The Town used a combination of interest bearing now accounts and the LGIP as its principal investment instruments. Certificates of deposits were not used because the yield for the short periods of obligation were insufficient and the term for higher yields were too long for our liquidity needs. ***The average 90-day T-bill rate was 4.53%***, which is the usual benchmark or investment metric. At its highest average quarter, the average 90 T-bill rate was 5.12%. At its lowest average quarter, the rate was 3.59%.

The LGIP had a high average percentage yield of 5.14% APY and a low of 4.52% APY. The annualized average rate was 5.01%.

Indiana public investment law remains risk adverse in its orientation. It includes two or less years limits on maturities. Average available cash was slightly higher in 2007 than in 2006. Investments exceeded the average 90 T-Bill benchmark by 48 basis points. All instruments exceeded the 90-Day T-bill rate.

Risk Management. We have been fortunate that our attentiveness to detail, thoroughness, and fairness with respect to policies and issues has resulted in minimal risks related to costs to the Town. We frequently reassess our risk management positions and carriers and have historically involved members of the community with significant knowledge of the area in these assessments. The establishment of a specific Town Council subcommittee that assists with risk management is an example of this policy of involvement. Further, the Town Council has established a formal Risk Management and Safety Committee, which has as its charge the enhancement of safe work practices. Also, the Metropolitan Police Department convenes an Accident Review Board, which evaluates all police related automobile accidents and makes findings and determinations regarding their severity. In short, the Town of Highland has an on-going and meaningful commitment to risk management.

Pension and other post employment benefits. The Town of Highland participates in the Public Employees Retirement Fund (PERF), which is an agent multiple-employer defined benefit pension plan for our full-time non-public safety employees. Indiana law governs the participation. Annually, PERF actuaries

determine the employers' contribution as a percentage of covered payroll. In fiscal year 2007, the employer's share of the pension cost was 7.25%. In 2008 the rate is 7.5%. In addition, the pension plan requires and includes an annuity or forced savings account, funded from a contribution of three percent of covered wages and salaries. Unless the employer by proper legislative action elects to pay this on behalf of the employee, employees are required to contribute this amount. The Town of Highland pays the employee's share.

The Town of Highland participates in two pension plans, governed by Indiana law, for its full-time public safety (law enforcement) employees.

For full-time public safety employees hired by the Town before May 1, 1977, the Town sponsors a single employer defined benefit plan. The plan provides for retirement, disability and death benefits to plan members and beneficiaries. The law governing this pension plan was first enacted in 1925 and is still guided by the then extant understanding of pension savings as a "pay as you go" design. This non-actuarial design has persisted through the years. For some additional understanding of this please see the notes to the Financial Statements, beginning on **page 57**.

For full-time public safety employees hired by the Town after April 30, 1977, the Town participates in a cost-sharing multiple-employer defined benefit plan. The plan provides for retirement, disability and death benefits to plan members and beneficiaries. For some additional understanding of this plan please see the notes to the Financial Statements, beginning on **page 60**.

Independent Audit. We are very pleased that the Indiana State Board of Accounts has determined that the financial statements of the Town of Highland present fairly, in all material respects, the financial position and results of operations of the various funds and account groups for the year ended December 31, 2007. We continue to appreciate the professional **independence** and dedication to excellence exhibited by the Indiana State Board of Accounts with respect to the town's CAFR preparation and its external audit process.

Awards and Acknowledgements.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to the **Town of Highland** for its comprehensive annual financial report for the fiscal year ended December 31, 2006. This was the twelfth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Town believes its current report continues to meet the Certificate of Achievement Program requirements, and it is being submitted to GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the persevering service of the entire staff of the Clerk-Treasurer's Office: Shirley Frankiewicz, Sylvia Ricketts, Kelley Hugus, Emmie Daniel, Dawn Kovacich, Debra Seremet and Denise Jacobs. I also wish to thank and acknowledge the Deputy Clerk-Treasurer, Carol Morrison, for her assistance.

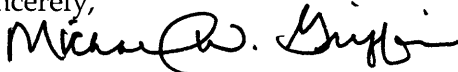
Further, I thank the members of the Town Council, the Board of Waterworks Directors and the Board of Sanitary Commissioners for their support of the development of this **thirteenth** CAFR and their support for enhanced financial reporting.

The Town joins me in expressing particular appreciation for the assistance and cooperation of Charles W. Pride, C.P.A.; Mary Jo Small, C.P.A.; and Cynthia David, C.P.A., all of the Indiana State Board of Accounts, who offer continuing guidance in the preparation of these reports. In addition, the Town joins me in expressing particular appreciation for the professional industry, assistance and cooperation of Carla Wenger, C.P.A., Lapreil Schwan, C.P.A., and Karen Tetrault of the Indiana State Board of Accounts for the timely and thorough completion of their independent audit and their special efforts in the development of this thirteenth CAFR.

I also continue to thank Dean Dr. George Assibey-Mensah and the academic leadership, the faculty and the staff of the School of Public and Environmental Affairs at Indiana University Northwest for providing the continuing encouragement to pursue excellence in public service. It is an ideal that is also encouraged and shared by the Government Finance Officers' Association and it informs the work of preparing this and all comprehensive annual financial reports. I also acknowledge the assistance of the Center for Data Collection and Analysis, the Lake County Treasurer as well as the Director of Finance, in the Office of the Lake County Auditor for data retrieval and additional research.

It is with a deep sense of professional satisfaction that I submit to the Town leadership and to *the citizens we serve* this 2007 Comprehensive Annual Financial Report for the Town of Highland.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael W. Griffin". The signature is fluid and cursive, with the first name "Michael" being more prominent.

Michael W. Griffin, IAMC/CMC/CPFA
Clerk-Treasurer

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Highland
Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



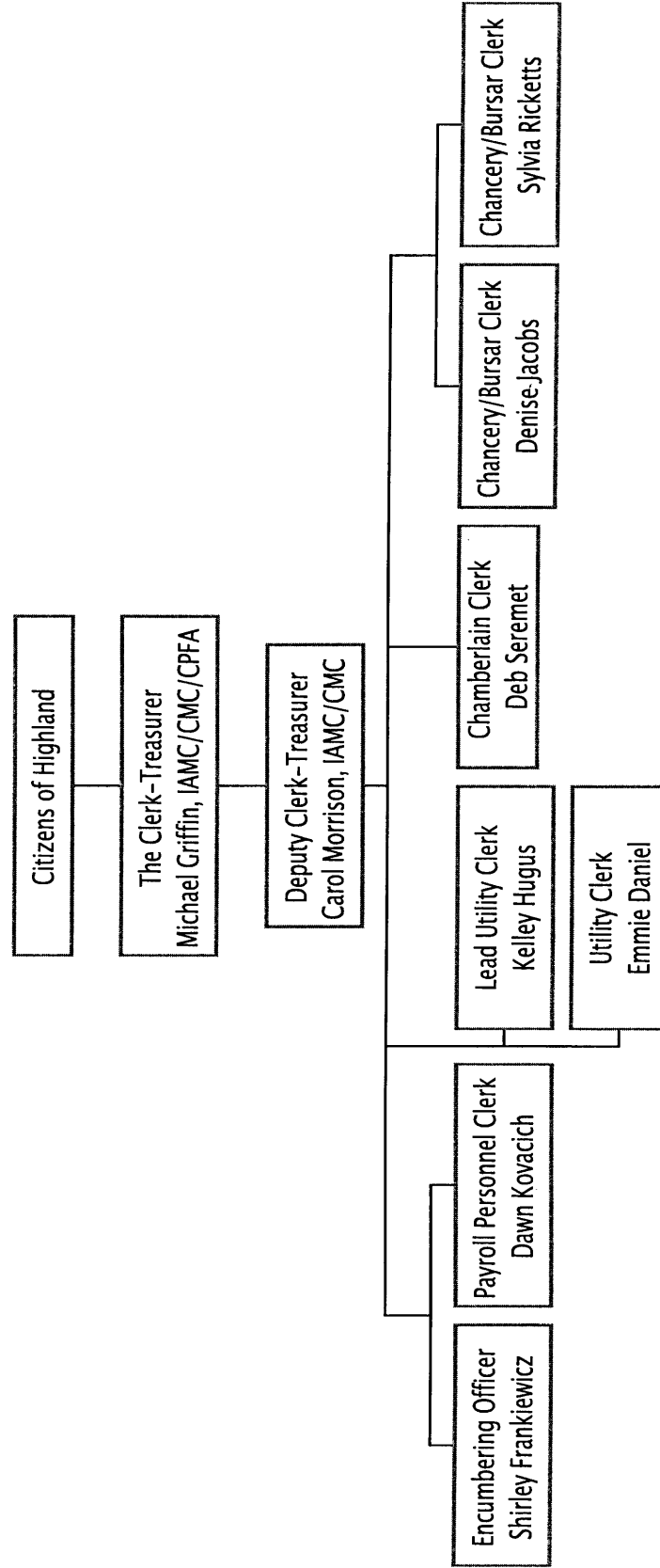
Chas S. Cox

President

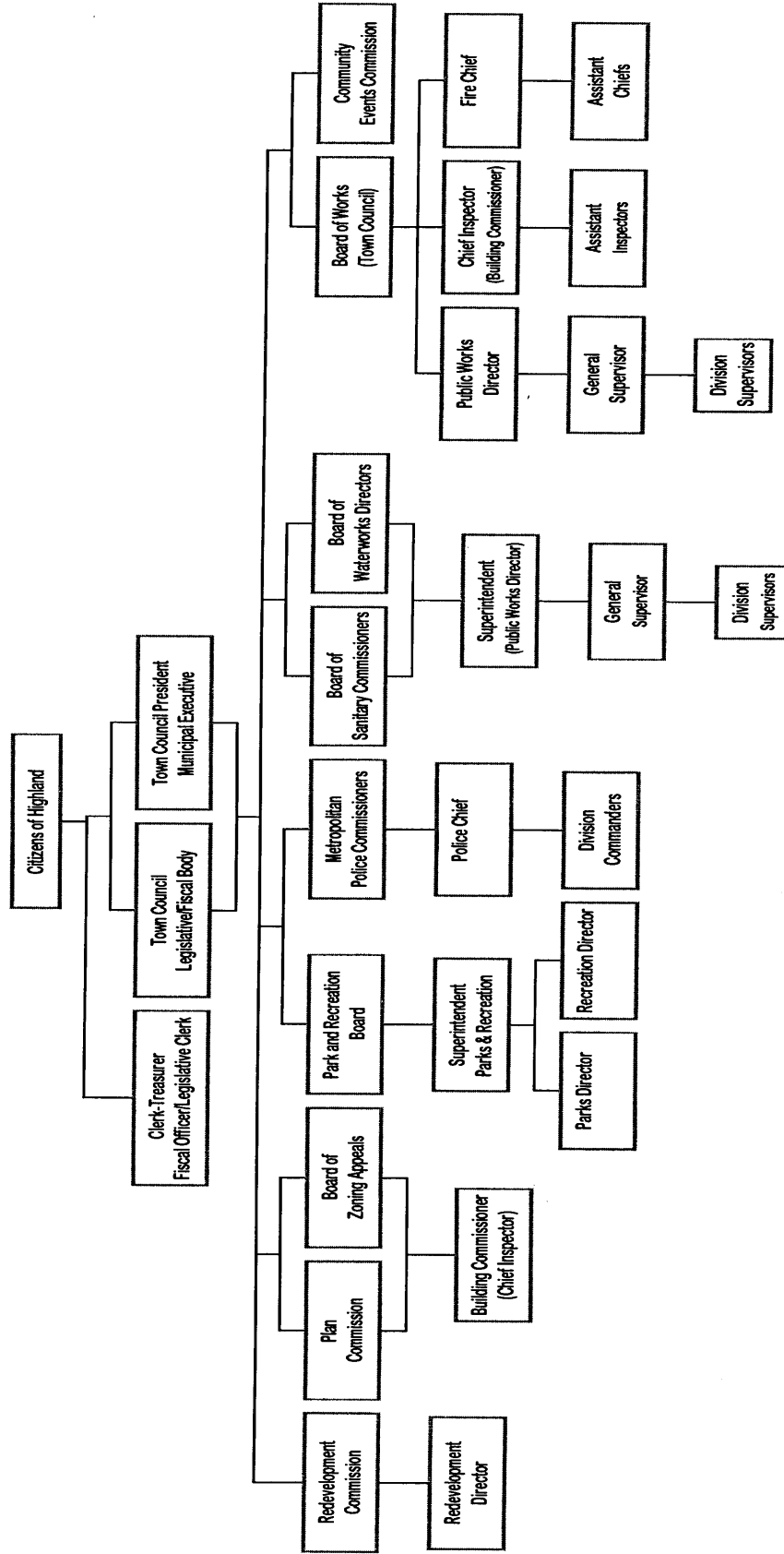
Jeffrey R. Emer

Executive Director

Office of the Town Clerk-Treasurer



Municipal Government of Highland



At June 30, 2008

TOWN of HIGHLAND
LISTING of ELECTED and PRINCIPAL OFFICIALS
at DECEMBER 31, 2007

<u>Elected Officials</u>	<u>Years of Service</u>	<u>Occupation</u>
Daniel E. Dernulc, Town President	2000-2007	Executive <i>SBC, Inc.</i>
Joseph A. Wszolek, ABR/GRI, Vice President	2004-2007	Real Estate Appraiser <i>Wszolek & Assoc.</i>
Bernie Zemen, Town Councilor, 1 st Ward	2004-2007	Supervisor <i>Mittal Inland Steel</i>
Mark A. Herak, Town Councilor 2 nd Ward	2000-2007 1980-1990	Sr. Materials Manager <i>General Electric</i>
Robert Helmer, Town Councilor, 3 rd Ward	2004-2007	Supervisor <i>Union Tank</i>
Michael W. Griffin, IAMC/CMC/CPFA, Clerk-Treasurer 1992-2007		Chief Fiscal Officer <i>Town of Highland</i>

Attorneys and Consulting Professionals (2007)

Town Attorney:	Rhett L. Tauber, Tauber Westland & Bennett
Waterworks Board Attorney:	Rhett L. Tauber, Tauber Westland & Bennett
Plan Commission Attorney:	David Westland, Tauber Westland & Bennett
Metropolitan Police Commission Attorney:	Rhett Tauber, Tauber Westland & Bennett
Board of Sanitary Commissioners Attorney:	Robert Tweedle, Tweedle & Skozen
Municipal Ordinance (Solicitor) Attorney:	Nicole A. Bennett, Tauber Westland & Bennett
Redevelopment Commission:	David Westland, Tauber Westland & Bennett
Town (Works Board) Engineer:	Terry Hodnik, P.E., NIES Engineering
Plan Commission Engineer:	John Phipps, P.E., NIES Engineering
Waterworks Engineer:	Terry Hodnik, P.E., NIES Engineering
Sanitary District Engineer:	Terry Hodnik, P.E., NIES Engineering

Appointed Department Leadership (2007)

Town Position

Richard Underkofler <i>(position abolished January 1, 2008)</i>	Town Manager
John M. Bach	Public Works Director/Utilities Supt.
Peter T. Hojnicky	Metropolitan Police Chief
William Timmer, Jr., CFOD	Fire Chief
Alex M. Brown, CPRP	Parks and Recreation Superintendent
Kenneth J. Mika	Building Commissioner/Chief Inspector
Cecile Petro	Redevelopment Director

SENIOR ASSOCIATE STAFF

Office of the Clerk-Treasurer

Carol L. Morrison, IAMC/CMC

Deputy Clerk-Treasurer

Department of Public Works

Jack Lannon

General Supervisor

Timothy Gembala

Division Supervisor Water & Sewer

Kevin Huzzie

Division Supervisor Streets & Sanitation

Mike Pipta

Supervisor Facilities

John Mouratides

Supervisor Maintenance

Metropolitan Police Department

Sgt. Ralph Potesta

Criminal Investigations Division

Cmdr. Patrick Vassar

Patrol Division

Dep. Cmdr. George Georgeff

Administration Division

Building and Inspection Department

Randy L. Bowman

Associate Inspector - Electrical

John Earnshaw

Associate Inspector - Plumbing

David Jones

Associate Inspector - Code Enforcement

Parks and Recreation Department

Chris Kubisz

Director of Parks

Fire Department

Rodger Lewis

Assistant Chief for Safety

Donald Scheidt

Assistant Chief for Planning

Kenneth Mika

Assistant Ground Operations Chief

Michael Pipta

Assistant Ground Operations Chief

Fred Wanicki

Assistant Ground Operations Chief

TOWN COUNCIL and CLERK-TREASURER for 2008

Bernie Zemen

President

Konnie Kuiper

Vice President

Mark A. Herak

2nd Ward

Dan Vassar

3rd Ward

Brian Novak

4th Ward

Michael W. Griffin, IAMC/CMC/CPFA

Clerk-Treasurer

TOWN of HIGHLAND
LISTING of MUNICIPAL BOARDS and COMMISSIONS
at DECEMBER 31, 2007

Municipal Plan Commission

Daniel J. Buksa, President	01/09/06 to 1 st Monday in January 2010
Judith Mayer	1 st June 06 to First Monday in January 2009
Douglas Handley	1 st Sept 2007 to 1 st Monday January 2008
Mario Martini	2/1/07 to 1 st Monday in January 2011
David Jones	Legislative Appointment
Joseph A. Wszolek, ABR/GRI	Legislative Appointment
Richard Underkofler	Legislative Appointment

Advisory Board of Zoning Appeals

Daniel J. Buksa, President	Coextensive with Plan Commission Term
	1 st Monday January 2010
Joseph Grzymski	1 st Monday Jan 06 – 1 st Monday January 2010
	<i>Executive Appointment – citizen member</i>
Steven W. Wagner	1 st Monday Jan 07 – 1 st Monday January 2011
	<i>Executive Appointment – citizen member</i>
Tom Agler	Coextensive with Plan Commission Term
	1 st Monday January 2008
Thomas Palmer	25 th Jan 06 – 1 st Monday January 2009

Board of Water Works Directors

Rev. Arthur Burkman, President	First Monday in 2006 – First Monday in 2009
Chuck Thompson	1/22/2007 to 1 st Monday in 2008
Keith E. Bruxvoort	Unexpired term to 1 st Monday in 2008
Gerald McMahon	02/17/2007 to First Monday in 2008
Philip E. Pena	04/01/2006 – First Monday in 2009

Board of Sanitary Commissioners

David Jones, President	01/01/2004 - 12/31/2007
Rex Burton	02/12/2007 - 12/31/2010
Joseph Fraley	01/08/2005 - 12/31/2008
Donal W. Downey	05/23/2005 - 12/31/2008
Jeanne Moseley	01/23/2006 - 12/31/2009

Park and Recreation Board

Thomas Arnold, President	1st Monday Jan 2004 - 1st Monday Jan 2008
Carolyn Turich	1st Monday Jan 2005 - 1st Monday Jan 2009
Carlos O. Aburto	July 1 st 2006 - 1st Monday Jan 2011
Edward Dabrowski	1st Monday Jan 2006 - 1st Monday Jan 2010
Lawrence Vassar, School Board Appointment	Coextensive with School Board Term
Dennis Tobin	Library Board Appointment

Town Board of Metropolitan Police Commissioners

James M. Turoci, Chairman	01/24/2005 - 01/01/2008
John Koval	02/12/2007 - 01/01/2010
Jim DeGraaf	02/13/2006 - 01/01/2009
Danny Stombaugh,	02/12/2007 - 01/01/2010
Patricia Van Til	02/13/2006 - 01/01/2009

Redevelopment Commission

Adam Gawlikowski, President	1st day in Jan 2007 -1st day in Jan 2008 (Legislative appointment)
Dominic Noce	1 st day in Jan 2007 -1st day in Jan 2008 (Executive appointment)
Brice Johnson	1st day in Jan 2007 - 1st day in Jan 2008 (Executive appointment)
Richard Garza	22 nd day in Jan 2007- 1st day in Jan 2008 (Executive appointment)
Jim Kessler	22 nd day in Jan 2007 – 1 st day in Jan 2008 (Executive Appointment)
Daniel Dernulc	Liaison

Lake County Convention and Visitors Bureau Board Member

Mary Rakoczy	07/01/2004 - 06/30/2010
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Northern Indiana Regional Planning Commission Member (NIRPC)

Michael W. Griffin	7/01/03 (Serves at pleasure of executive until recalled)
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Special Events Advisory Committee

Karen Biernacki	Term ends 12/31/08
Ed Dabrowski	Term ends 12/31/07
Patty Dunham	Term ends 12/31/09
Lisa Gauthier	Term ends 12/31/07
Shelly Mayden	Term ends 12/31/08
Pat Popa	Term ends 12/31/09
Judy Vaughn	Term ends 12/31/08

Board of Trustees of the 1925 Police Pension Fund

Daniel Dernulc, President	Co-extensive with Council Presidency
Chief Peter T. Hojnicky	Co-extensive with Service as Chief
Michael W. Griffin, IAMC/CMC/CPFA	Co-extensive with Elected Term
Sgt. Michael O'Donnell	Feb 2007-Feb 2010
Kenneth Balon (Retired Member)	Aug 2006-Feb 2008
Dpty. Cmdr. George Georgeff	Feb 2006-Feb 2009
Cmdr. Patrick Vassar	Feb 2005-Feb 2008
Sgt. Timothy Towasnicki	Feb 2007-Feb 2010
Sgt. John Banasiak	Feb 2006-Feb 2009

Notable Related Appointments of Assignments of Elected Officials

Daniel E. Dernulc	Town Executive (I.C. 36-1-2-5-(4); I.C. 36-5-2-2; I.C. 36-5-2-7) Board of Trustees of the Police Pension Fund, Chair Finance Committee Chair Volunteers in Policing Committee Redevelopment Commission, Liaison
Bernie Zemen	Town Board of Metropolitan Police Commissioners, Liaison Park and Recreation Board, Liaison
Mark A. Herak	Fire Personnel Committee Board of Waterworks Director, Liaison
Robert Helmer	Board of Sanitary Commissioners, Liaison
Joseph Wszolek	Advisory Board of Zoning Appeals, Liaison Building and Inspection Department Committee, Liaison Chamber of Commerce, Liaison
Michael W. Griffin	Indiana League of Municipal Clerks & Treasurers State Vice President Past State Secretary Past State Treasurer Past Executive Director Education Committee Legislative Committee Parliamentarian Indiana Accredited Municipal Clerk International Institute of Municipal Clerks Certified Municipal Clerk (CMC) Member, Master Municipal Clerks Academy Chair, Committee on Research and Resources Municipal Treasurers Association of US and Canada Certified Public Finance Administrator (CPFA) American Society for Public Administration Past President, Northwest Indiana Chapter <i>Honorary</i> Field Examiner, Indiana State Board of Accounts Pi, Alpha, Alpha Public Administration Academic Fraternity Board of Economists, The Times Adjunct Instructor Indiana University (NW) School of Public and Environmental Affairs CATV Committee/Gaming Consortium Representative

Town of Highland
Elected Officers and Key Department Officials Wage and Salary 2007

Office of the Town Council (Elected)

Meets 2nd & 4th Mondays at 7:00 p.m.

* Elected officials serve for a term of four years commencing noon January 1, 2004 through before noon January 1, 2008 and until a successor is elected and qualified.

5th Ward Council

Daniel E. Dernulc

Salary: \$ 1,226 per month / \$ 14,712 annually

Town Council President

(R) -- 1/1/2004 - 01/01/08*

1st Ward Council

Bernie Zemen

Salary: \$ 1,164 per month / \$ 13,968 annually

(D) -- 1/1/2004 - 01/01/08*

2nd Ward Council

Mark A. Herak

Salary: \$1,234 per month / \$14,808 annually

\$70 per month Longevity

(R) -- 1/1/2004 - 01/01/08*

3rd Ward Council

Robert Helmer

Salary: \$ 1,194 per month / \$ 14,328 annually

\$30.00 per month Longevity

Town Council Vice President

(R) -- 1/1/2004 - 01/01/08*

4th Ward Council

Joseph A. Wszolek, ABR/GRI

Salary: \$1,164 per month / \$ 13,968 annually

(R) -- 1/1/2004 - 01/01/08*

Office of the Town Clerk-Treasurer

Clerk-Treasurer (Elected)

Michael W. Griffin, IAMC/CMC/CMFA

Salary: \$2,350.00 bi-weekly / \$ 61,100. annually

Waived longevity

(D) -- 1/1/2004 - 01/01/08*

Deputy Clerk-Treasurer (Appointed)

Carol L. Morrison

Salary: \$1,627.12 bi-weekly / \$ 42,305.12 annual base pay
plus longevity of \$1,206.40 = \$ 43,511.52

Office of the Town Manager

Town Manager

Richard Underkofler

Salary: \$3221.80 bi-weekly / \$83,766.80 annual base pay

Metropolitan Police Department

Metropolitan Police Chief

Peter T. Hojnicky

Salary: \$ 2,635.13 bi-weekly / \$ 68,513.38 annual base pay

Plus longevity of \$1040 = \$69,553.38

plus Clothing \$950 plus car = \$70,503.38

Public Works Department

Public Works Director Superintendent of Sanitary District & Waterworks

John M. Bach

Salary: \$ 2,769.34 bi-weekly / \$ 72,002.84 annual base pay

plus longevity of \$ 1,206.40 plus car = \$ 73,209.24

Building and Inspection Department

Chief Inspector/Building Commissioner

Kenneth Mika

Salary: \$ 2,086.75 bi-weekly \$54,255.50 annual base pay
plus longevity of \$ 852.80 = \$ 55,108.30

Fire Department

Fire Chief

William R. Timmer, Jr., CFOD

Salary: \$ 2,086.75 bi-weekly \$ 54,255.50 annual base pay
Plus longevity of \$499.20
Plus clothing \$ 950 plus car = \$ 55,704.70

Assistant Fire Chief for Safety

Rodger Lewis

Salary: \$1,500. annually
Plus \$11.35 hourly for Training and Fire Calls
Plus \$200.00 annually for Auto and Clothing

Assistant Fire Chief for Logistics and Planning

Donald Scheidt

Salary: \$1,200. annually
Plus \$11.35 hourly for Training and Fire Calls
Plus \$200.00 annually for Auto and Clothing

Assistant Fire Ground Operations Chief

Ken Mika

Salary: \$1,200. annually
Plus \$11.35 hourly for Training and Fire Calls
Plus \$200.00 annually for Auto and Clothing

Assistant Fire Ground Operations Chief

Michael Pipta

Salary: \$1,200. annually
Plus \$11.35 hourly for Training and Fire Calls
Plus \$200.00 annually for Auto and Clothing

Assistant Fire Ground Operations Chief

Fred Wanicki

Salary: \$1200. annually
Plus \$11.35 hourly for Training and Fire Calls
Plus \$200.00 annually for Auto and Clothing

Parks and Recreation Department

Parks & Recreation Superintendent

Alex M. Brown, CPRP

Salary: \$ 2,359.33 bi-weekly = \$ 61,342.58 annual base pay
Plus longevity \$499.20 Plus car = \$ 61,841.78

Redevelopment Department

Redevelopment Director

Cecile Petro

Salary: 1,724.24 bi-weekly = \$44,830.24 annual base pay

Municipal Boards and Commissions

Municipal Plan Commission

Meets 3rd Wednesdays at 7:00 p.m.

(1) President's Salary:	\$50 per month/\$600 annually
(3) Citizen Members Salary:	\$40 per month/\$480 annually
(3) Legislative Appointees:	No additional salary

Advisory Board of Zoning Appeals

Meets 4th Wednesdays at 7:00 p.m.

(1) President's Salary:	\$50 per month/\$600 annually
(3) Citizen Members Salary:	\$40 per month/\$480 annually
(1) Plan Commission Appointee:	\$40 per month/\$480 annually

Park and Recreation Board

Meets 3rd Thursdays at 7:00 p.m.

(1) President's Salary:	\$50 per month/\$600 annually
(3) Citizen Members Salary:	\$40 per month/\$480 annually
(1) School Board Appointee:	Fixed and paid by School Board

Town Board of Metropolitan Police Commissioners

Meets 2nd Thursday at 7:30 p.m.

(1) Chairman's Salary:	\$50 per month/\$600 annually
(4) Other Members Salary:	\$40 per month/\$480 annually

Redevelopment Commission

Meets 2nd Wednesday at 7:00 p.m.

(1) President's Salary:	\$50 per month/\$600 annually
(4) Other Members Salary:	\$40 per month/\$480 annually

Special Events Advisory Committee

Meets 4th Tuesday at 7:00 p.m.

(1) President's Salary:	\$0 per month/\$0 annually
(22) Other Members Salary:	\$0 per month/\$0 annually

Waterworks Board of Directors

Meets 4th Thursday at 7:30 p.m.

(1) President's Salary:	\$50 per month/\$600 annually
(4) Other Members Salary:	\$40 per month/\$480 annually

Board of Sanitary Commissioners

Meets 3rd Tuesday at 7:00 p.m.

(1) President Salary:	\$183.75 per month/\$2,205 annually*
(4) Other Members Salary:	\$157.50 per month/\$1,890 annually*

* Compensation for these Sanitary Commissioners is fixed by Indiana State Law to be a minimum of \$600 annually during non-construction and \$3,600 annually during construction. By special agreement and consent current members serve for less than the entitled statutory minimum.

Traffic Safety Commission

Meets 1st Wednesdays at 2:00 p.m.

(1) President's Salary:	\$0 per month/\$0 annually
(5) Other Members Salary:	\$0 per month/\$0 annually

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Overview of Highland Municipal Government

The original plat of survey was for approximately five square miles. Presently, the Town boasts 6.9 square miles.

The Town's form of government is a Town Council which combines the legislative and administrative authority for the civil town. It also serves as the Board of Works for the Town. The Town Council President serves as the Town executive.

The five member **Town Council** is elected by voters of the whole town and serve for a term of four years. The Town Council is the fiscal body as well as the legislative body of the town. A **president** is elected by the members of the council from its membership. By tradition, that office is for a term of one-year. The president presides at meetings of the Town Council and makes appointments when law indicates that the municipal executive is authorized to do so.

In addition, the voters of the whole Town elect a **Clerk-Treasurer** who serves for a term of four years. The Clerk-Treasurer is clerk of the legislative body, custodian of the town seal, and chief fiscal officer of the civil town and its executive departments (including the Sanitary District/Public Sanitation Department, Water Works District/Department, and the Parks and Recreation department).

In March of 2006, the Town Council voted to convert to a Council-Manager form of government, appointing its first Town Manager. Effective, January 1, 2008, the office of office of Town Manager was repealed.

Sanitary District and Sewage Works

The current Sanitary District Board of Commissioners and Department of Public Sanitation has its antecedent in the Town Board of Trustees, which under the then effective law entitled *An Act Concerning Municipal Corporations*, passed by the Indiana General Assembly, March 6th, 1905, served as a Board of Works. Sewer Extensions and Improvements were executed by the Town Board of Trustees under declaratory resolutions acting in a governance model similar to the commissioner form. Later, the Town Board of Trustees, as it was then called, passed Ordinance 586 on July 21, 1969, creating a department of public sanitation under a superintendent and managed by a board of sanitary commissioners.

In 1969, the Indiana General Assembly passed legislation which was part of its general revision of the earlier passed acts regarding sanitation districts statutes originally passed in March of 1917. Following some amendments in 1951 and 1969, the legislation provided that Indiana municipalities operating in counties having a population greater than 400,000 but less than 700,000, meaning Lake County, and each second class city by ordinance could establish and operate a municipal department of public sanitation by forming such departments as executive departments of the municipality under the direction of a board of sanitary commissioners.

On July 21, 1969, the Town of Highland passed the enabling Ordinance 586, which organized and established the department pursuant to IC 36-9-25 *et sequitur*. The ordinance essentially organized the department of public sanitation under a three member board of sanitary commissioners appointed by the municipal executive for a term of four (4) years. Later, legislation permitted up to five (5) members.

The Board of Sanitary Commissioners, as currently constituted, is a five (5) member panel, all of whom are appointed by the municipal executive for a term of four (4) years. No more than three (3) of whom may be of the same political party. The department's executive is a Superintendent of Sanitary District, appointed on the basis of his training or fitness to administer the utility to which he is assigned, who is the Public Works Director by virtue of his office.

In addition to managing the sewage works and having concurrent jurisdiction with the board of works, the Board of Sanitary Commissioners has jurisdiction over a special taxing district referred to as the Sanitary District, which is coterminous with the corporate boundaries of the Municipality. In addition, it is empowered to issue bonds and incur bonded indebtedness not to exceed twelve percent (12%) of the net assessed valuation of the jurisdiction.

Department of Water Works and Water Works District

The current Water Works Board of Directors and Department of Water Works had its antecedent in the Highland Water & Power Company, which provided under a lease and service contract potable water to the Town, May 1, 1912. Later, the Town Board of Trustees, as it was then called, passed Ordinance 262 on December 20, 1932, creating a water department under a superintendent and managed by a water board which was two members of the Town Board of Trustees and the Town Marshall.

On January 17, 1972, the Town Board of Trustees passed Ordinance No. 544 which re-established the Department of Water Works as an executive department and provided its management by a Board of Waterworks, which was the Town Board of Trustees convened for that purpose.

In 1982, the Indiana General Assembly passed the legislation which was part of its general revision of the earlier passed so-called "home rule" statutes. Following some amendments in 1983 and 1984, the legislation provided that Indiana Municipalities operating municipal water works under authorizing legislation in effect prior to January 1, 1982, or those that would thereafter establish and operate a municipal water works would do so by forming water works departments as executive departments of the municipality under the direction of a water works board of directors. On March 28, 1993, the Town of Highland passed the enabling Ordinance 892, which organized and established the Water Works Board of Directors pursuant to IC 8-1.5-4-1 *et sequitur*. The ordinance essentially organized the Department of Water Works under a five (5) member board of directors appointed by the municipal executive for a term of (1) one year. The original ordinance provided that the members would be citizens of the community. Ordinance 892(a) passed January 14, 1985, amended the organizing ordinance to permit two (2) of the five (5) directors to be appointed from the membership of the Town Board of Trustees (Town Council).

The Water Works Board of Directors as currently constituted is a five (5) member panel, all of whom are appointed by the municipal executive for a term of one year. No more than three (3) may be of the same political party. The department's executive is a Superintendent of Waterworks, appointed on the basis of his training or fitness to administer the utility to which he is assigned, who is the Public Works Director by virtue of his office.

In addition to managing the revenue for the Water Works, the Water Works Board of Directors has jurisdiction over a special taxing district referred to as the Water Works District, which is coterminous with the corporate boundaries of the Municipality. In addition, it is empowered to issue special taxing district bonds and incur bonded indebtedness not to exceed eight percent (8%) of the net assessed valuation of the jurisdiction.

Parks and Recreation Department

The current Park and Recreation Board and Department has its antecedent in the Highland Recreation Commission, originally formed in 1947. It consisted of volunteers who would develop a plan for play and programmed activity for the playgrounds of the schools and the Town.

In 1965, the Indiana General Assembly passed the Indiana Parks and Recreation Law, revising the 1955 State Statute, which authorized cities and towns to form parks and recreation departments as executive departments of the municipality under the direction of a park and recreation board. December 5, 1966, the Town of Highland passed the enabling Ordinance 532, which organized and established the Park and Recreation Board. The first full-time department executive was hired in 1972. The first recreation associate was hired in 1978. The Parks and Recreation Department remains organized under the state statute as amended.

The Park and Recreation Board, as currently constituted, is a six (6) member panel, four (4) of whom are appointed by the municipal executive for a term of four (4) years on the basis of their interest in and knowledge of parks and recreation. No more than two (2) may be of the same political party. The fifth member is appointed by the School Board from its membership for a term no longer than the term enjoyed as a School Board trustee. The sixth member is appointed by and from the membership of the Lake County Library Board of Directors. The department's principal administrator is a Superintendent of Parks and Recreation who is appointed based upon training or education in the field of parks and recreation.

Department of Public Works

The first executive department of the municipality, the Public Works Department, has responsibility for general street and road as well as general infrastructure maintenance. In addition, members of that staff are assigned to or have shared time responsibility with the municipal utilities (Water and Sewage Works) as well. The public work force is presently numbered up to 35. At anytime, there may be one-third deployed in service to the Water Works or the Sewage Works/Sanitary District. This department is under the direct supervision of the Town Council which pursuant to IC 36-1-1-24(3) is also the Works Board for the municipality.

Municipal Plan Commission and the Advisory Board of Zoning Appeals

The Municipal Plan Commission for the Town of Highland had its antecedents in an original plan commission established by the Town Board of Trustees by an ordinance passed on July 21, 1925. The original ordinance is referred to in a later Ordinance No. 372 passed June 16, 1953, which enacted a new Master Zoning Ordinance and established a plan commission pursuant to provisions in the Acts of the Indiana General Assembly of 1947. Ordinance No. 466, passed November 19, 1962, amended the local Zoning Ordinance and provided for the creation of a Board of Zoning Appeals pursuant to state law, as well.

The present day Master Zoning Ordinance, as amended from time to time, is the Comprehensive Master Zoning Ordinance No. 707 of the Town of Highland, passed by the Town Board of Trustees in 1975 to be effective in 1976. The provisions for planning and development are generally set forth in the Highland Municipal Code, Chapter 15.

The current Municipal Plan Commission for the Town of Highland is organized pursuant to provisions set forth in the Indiana Code Title 36-7-4-202. Since Highland's form of government is a town, the provisions under the state planning law pertaining to (Advisory) plan commissions governs. So, as a Town Municipal (Advisory) plan commission, Highland's Municipal Plan Commission is organized as a seven member panel with four citizen members appointed by the municipal executive for a term of four years (IC 36-7-4-207(b)(2)). No more than two of the citizen members may be of the same political party. The terms pursuant to statute are from the first Monday in January to the first Monday in January four years following. Three members of the commission are legislative appointments who shall be either elected or appointed officials of the municipality or municipal employees.

The Plan Commission has a number of duties and powers set forth in the statute. Some of these are as follows:

- (1) Supervise and make rules for the administration of the affairs of the commission (in the case of an advisory plan commission).
- (2) Prescribe uniform rules pertaining to investigations and hearings;
- (3) Keep a complete record of all the departmental proceedings;
- (4) Record and file all bonds and contracts and assume responsibility for the custody and preservation for all papers and documents of the commission (in the case of an advisory commission);
- (5) Prepare, publish, and distribute reports, ordinances and other material relating to the activities authorized under this chapter (Title 36 Article 4, Chapter 4.);
- (6) Adopt a seal;
- (7) Certify to all official acts.

The Plan Commission has a “hearing and rulemaking” methodology. Planning matters must be acted upon at the Plan Commission level with subsequent action by the legislative body (Town Council) within a time certain. These procedures are generally outlined in IC 36-7-4-600 and in Rules and Procedures of the Highland Plan Commission.

The Advisory Board of Zoning Appeals is a quasi-judicial body that grants variances from the Zoning Laws upon a petitioner’s establishment of “hardship” or some other necessary condition. This board does **not** amend the Zoning Ordinance. Rather, within the confines of and as set forth in the zoning ordinance, it grants permission to vary from particular rules of a given use. The establishment and general provisions of the Advisory Board of Zoning Appeals are set forth in IC 36-7-4-900 et seq.

In most counties, the decisions to grant variances by boards of zoning appeals are the final subject to the usual appeals to a court. However, owing to “special legislation,” such boards in Lake County are reviewed. So, use variances, special exceptions, and special uses must be presented to the legislative body for its consideration (See IC 36-7-4-918.6). The legislative body may act to confirm, deny or take no action at all. There are a number of variances that are set forth in the zoning ordinance. These may be found in the Appendix B of the Highland Municipal Code.

The Advisory Board of Zoning Appeals is organized pursuant to law as a five (5) member panel. The composition and authority for appointment are as follows:

The Municipal Executive appoints 3 citizen members - 1 must be a plan commission member; 2 must not be members;

I.C. 36-7-4-902(a)(1)

The Municipal Fiscal Body appoints 1 citizen member who must not be a plan commission member;

I.C. 36-7-4-902(a)(2)

The Plan Commission appoints 1 member who must be a plan commission member other than the one appointed by the municipal executive;

I.C. 36-7-4-902(a)(3).

Highland Board of Metropolitan Police Commissioners • Metropolitan Department of Police

The current Department of Police had its antecedent in the office of Town Marshal, which is the first form of public safety service delivery for all incorporating Towns in Indiana. Highland elected its Town Marshal from 1910 until 1915. Beginning in 1916 (and for all Indiana Towns that still use the Marshal system), the Town Marshal became a legislatively appointed post. Indiana Statutes governing city forms of government require the use of police departments. Towns, while not required to do so, may form by local ordinance pursuant to Indiana Law (IC 36-8-9 et seq.) a Town Board of Metropolitan Police Commissioners, which abolishes the Marshal system, replacing it with a metropolitan

police department, requiring participation in a special law enforcement pension system and providing for the direct governance of the Police Department by a Town Board of Metropolitan Police Commissioners.

Following a required referendum of the community submitted to the voters on November 8, 1955 with a vote of 958 voting yes and 573 voting no, the Town Board abolished the office of Town Marshal. On December 6, 1955, Ordinance No. 400 was passed establishing the Town Board of Metropolitan Police Commissioners as a three (3) member panel to be appointed by the Board of Trustees. In 1983, the legislative body passed Ordinance No. 893, providing for the appointment of two additional Police Commissioners, bringing the number to five (5) members. Each member serves for a term of three (3) years and at the pleasure of the appointing authority. Commissioners receive an annual salary paid monthly.

The Metropolitan Board of Police Commissioners is charged with the management and administration of the Department of Police. It is the appointment authority for the department, appointing its civilian and sworn members subject to approval of qualifications by the Town Council. It also names the Chief, subject to the approval of qualifications as determined by the Town Board of Metropolitan Police Commissioners and approved by the Town Council. Once hired, decisions to promote and demote are the province of the Town Board of Metropolitan Police Commissioners, as by law, it is the Safety Board for the purposes of discipline. Further, the Town Board of Metropolitan Police Commissioners is charged with forming and promulgating general rules and regulations for the government and discipline of the police department and may make special and general orders to the Department through the Police Chief, who is defined at law as the executive head of the department (IC 36-8-9-4(d).) Appropriation and budgetary authority remains with the Town Council as the unit's fiscal body.

Redevelopment Commission and Department of Redevelopment

The statutory authority (enabling authority), providing for the establishment of Municipal Redevelopment Commissions, is generally set out in Indiana Code Title 36, Article 7, Chapter 14. In that chapter, general economic development and planning powers are spelled out for local units that adopt the statute through local ordinance. The Town of Highland, through its Town Council, passed Ordinance No. 946, establishing a Department of Redevelopment and providing for a Redevelopment Commission on January 22, 1990. The Redevelopment Commission is composed of five (5) members, three (3) of whom are appointed by the municipal executive and two (2) of whom are appointed by the municipal legislative body for a term of one (1) year. All of the territory within the corporate boundaries of the Town is also a special taxing district for the purpose of levying special benefit taxes for redevelopment purposes.

The Redevelopment Commission may levy a special benefit tax for two purposes. One is to carry out the operational purposes of the Commission (Confer specifically, IC 36-7-14-28). This special tax would provide funds, in part, to carry out the duties and objectives set forth generally in IC 36-7-14-11 and 36-7-14-12.2. It also would be levied to carry out specific duties set forth in IC 36-7-14-28 which are particularly:

- (1) the payment in whole or in part of planning and survey costs;
- (2) the costs of property acquisition and redevelopment;
- (3) the payment of all general expenses of the department of redevelopment.

In addition, the Redevelopment Commission may levy a tax in support of the payment on debt service (principal and interest) for any bonds sold pursuant to its authority under section 27 of the chapter. This tax may also be levied to partially support repayment of debt service issued as part of an allocation (TIF) district. Also, the Redevelopment Commission may establish allocation areas in support of the sale of Tax Increment Finance (TIF) Bonds in furtherance of its authority to dispose of blight or to carry out its authority for economic development.

Special Events Advisory Committee

The Special Events Advisory Committee is a body that was created by adoption of Ordinance No. 1335, on November 27, 2006 to be effective January 1, 2007. Pursuant to its authority under IC 36-10-2 and IC 36-1-3, the Town Council established this committee to “advise and assist with the planning and execution of special events within the Town of Highland. All corporate powers of the Town of Highland are vested in the Town Council.”

Further responsibilities include “to coordinate the annual celebration of the 4th of July festivities (Independence Day) including, but not limited to: a festival, parade and fireworks; to coordinate a Christmas Parade; to coordinate Memorial Day and Veteran’s Day ceremonies; to initiate plans for the Town of Highland’s Centennial Event in 2010; and to assist with other special events the Committee determines will promote good will in the Town of Highland, including, but not limited to an annual 18th Century Historical Reenactment, Seasonal Festivals, Beer Gardens, Block Parties, Parades, Arts & Craft Shows and Itinerant Restaurants.”

The Special Events Advisory Committee consists of seven members, three of whom are appointed by the Town Council President as municipal executive and four of whom are appointed by the Town Council as the legislative body. All members must be at least 18 years old and residents of the Town. All serve without compensation. Initial appointments to the committee were for one, two and three years to provide for staggered terms. All subsequent terms were for three years, in all cases serving at the pleasure of the appointing authority.

FINANCIAL SECTION



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF HIGHLAND, LAKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Highland (Town), as of and for the year ended December 31, 2007, which collectively comprise the Town's basic financial statements. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements as listed in the Table of Contents. We did not audit the financial statements of the Parks and Recreation Building Corporation, a blended component unit, which statements reflect total assets constituting three percent and revenues constituting less than one percent of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Parks and Recreation Building Corporation is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis, Schedules of Funding Progress, Schedules of Contributions from the Employer and Other Contributing Entities and Budgetary Comparison Schedules, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical tables are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 12, 2008



STATE OF INDIANA

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REPORT COMMUNICATING INTERNAL CONTROL RELATED MATTERS IDENTIFIED IN AN AUDIT

TO: THE OFFICIALS OF THE TOWN OF HIGHLAND, LAKE COUNTY, INDIANA

In planning and performing our audit of the financial statements of the Town of Highland (Town) as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

This communication is intended solely for the information and use of management, the Clerk-Treasurer, and the Town Council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

STATE BOARD OF ACCOUNTS

June 12, 2008

Management's Discussion and Analysis

As management of the TOWN of HIGHLAND, the proper officers of the Town offer readers of the TOWN of HIGHLAND'S financial statements this narrative overview and analysis of the financial activities of the TOWN of HIGHLAND for the fiscal year ended **December 31, 2007**. The proper officers of the Town encourage readers to consider the information presented here in conjunction with additional information that the proper officers have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the TOWN of HIGHLAND exceeded its liabilities at the close of the most recent fiscal year by **\$38,302,809** (*net assets*). Of this amount, **(-\$2,120,263)** (*unrestricted net assets*) may be used to meet the government's on-going obligations to citizens and creditors. (*This debit balance in unrestricted net assets is attributable to an unusual net pension obligation that is from a 1925 law, which provides for a non-actuarial plan. While accounting standards hold that this obligation is one for the entire Town, it should be noted that there is a dedicated Trust Fund, the Police Pension Fund, which is where the actual obligation is maintained. Adjusted for the Net Pension Obligation, Highland's unrestricted net assets would be 3,265,747.*)
- The government's total net assets increased by **\$779,608 in FY 2007**. This increase represents an increase of \$1,475,280 in total net assets related to governmental activities and a decrease of \$695,672 in total net assets in business type activities. This increase is attributable to positive net income in total activities of the primary government, with revenues totaling \$20,254,721 and expenses totaling \$19,475,113.
- As of the close of the current fiscal year, the TOWN OF HIGHLAND'S governmental funds reported combined ending fund balances of **\$7,173,254**, a decrease amounting to \$205,808 under the prior year. This decrease is attributable to spending down remaining highway and street fund balance, received in the prior year as part of a state initiative that shared Toll Road lease moneys (called "Major Moves"), but expended in FY 2008. However, of the combined ending fund balances, the amount of \$6,000,510 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was **\$1,056,582**, or 15% of total general fund expenditures.
- The TOWN OF HIGHLAND'S total long-term debt increased by a net of **\$2,564,060** (19%) during the current fiscal year. The key factor in this increase was the issuance of new debt by the Sanitary District (Waste/Storm Water Utility) during fiscal year 2007.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the TOWN OF HIGHLAND'S basic financial statements. The TOWN OF HIGHLAND'S basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the TOWN OF HIGHLAND'S finances, in a manner similar to a private-sector business.

The statement of net assets presents information of all of the assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the TOWN of HIGHLAND is improving or deteriorating.

The *statement of activities* presents information showing how the government's *net assets* changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this

statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the TOWN of HIGHLAND that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the TOWN of HIGHLAND include general government, public safety, highways and streets, sanitation, economic development and culture and recreation. The business-type activities of the TOWN of HIGHLAND include a Waterworks Utility and Sanitary District.

The government-wide financial statements include not only the TOWN of HIGHLAND itself (known as the *primary government*), but also a legally separate Parks and Recreation Building (Holding) Corporation for which the TOWN of HIGHLAND is financially accountable. Financial information for this blended component unit is reported *with* the financial information presented for the primary government itself. The Waterworks department and the Sanitary District (sewer), although also technically separate, function for all practical purposes as departments of the TOWN of HIGHLAND, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on **pages 21-22** of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The TOWN of HIGHLAND, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the TOWN of HIGHLAND can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *government funds* and *governmental activities*.

The TOWN of HIGHLAND maintains *thirty-five (35) individual governmental funds*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the **General Fund** and the **Parks and Recreation Fund**, both of which are considered to be major funds. Data from the other thirty-three (33) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The TOWN of HIGHLAND adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found of **pages 22-25** of this report.

Proprietary funds. The TOWN of HIGHLAND maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The TOWN of HIGHLAND uses enterprise funds to account for its Waterworks and Sanitary District. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the TOWN of HIGHLAND'S various functions. The TOWN of HIGHLAND uses internal service funds to account for its vestiges of health insurance self-funding, for its parks and recreation building (holding)

corporation financing and for its information and communication technology operations. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks Utility and the Sanitary District (sewer utility), both of which are considered to be major funds of the TOWN of HIGHLAND. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on **pages 26-30** of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the TOWN of HIGHLAND'S own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on **pages 31-32** of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on **pages 33-61** of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the TOWN of HIGHLAND'S progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on **pages 62-69** of this report.

The combining statements, referred to earlier in connection with non-major governmental funds and internal service funds, are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on **pages 71-73** on this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the TOWN of HIGHLAND, assets exceeded liabilities by **\$38,302,809** (total net assets) at the close of the most recent fiscal year, *ending 31 December 2007*.

By far the largest portion of the TOWN of HIGHLAND'S net assets (82%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The TOWN of HIGHLAND uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although the TOWN of HIGHLAND'S investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN of HIGHLAND'S Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and Other assets	\$ 17,129,678	\$ 11,105,998	\$ 5,785,213	\$ 3,929,650	\$ 22,914,891	\$ 15,035,648
Capital Assets	21,633,027	20,525,000	19,325,501	18,706,761	40,958,528	39,231,761
Total Assets	\$ 38,762,705	\$ 31,630,998	\$ 25,110,714	\$ 22,636,411	\$ 63,873,419	\$ 54,267,409
Long-term liabilities outstanding	11,655,323	12,383,533	4,312,671	1,020,401	15,967,994	13,403,934
Other liabilities	8,677,891	2,293,254	924,725	1,047,020	9,602,616	3,340,274
Total Liabilities	\$ 20,333,214	\$ 14,676,787	\$ 5,237,396	\$ 2,067,421	\$ 25,570,610	\$ 16,744,208
Net assets:						
Invested in capital assets						
net of related debt	16,591,125	16,022,139	14,825,501	17,309,888	31,416,626	33,332,027
Restricted	4,617,424	4,708,632	4,389,022	2,917,715	9,006,446	7,626,347
Unrestricted	(2,779,058)	(3,776,560)	658,795	341,387	(2,120,263)	(3,435,173)
Total net assets	\$ 18,429,491	\$ 16,954,211	\$ 19,873,318	\$ 20,568,990	\$ 38,302,809	\$ 37,523,201

An additional portion of the TOWN of HIGHLAND'S net assets (24%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (-\$2,120,263) ordinarily represents what may be used to meet the government's ongoing obligations to citizens and creditors. The **debit** balance in unrestricted assets is in part attributable to an unusual net pension obligation that is from a 1925 pension law, which provided for a non-actuarial plan. While accounting standards hold that this obligation is one for the entire Town, it should be noted that there is a dedicated trust fund, the Police Pension Fund, which is where the actual obligation is maintained. Adjusted for the *net pension obligation*, Highland's unrestricted net assets would be **\$3,265,747**. (*Readers are encouraged to read Note F 1(b) in notes to the Financial Reports found on page 57 of this CAFR.*)

At the end of the current fiscal year, the TOWN of HIGHLAND is reporting positive balances for governmental and business-type activities and the town as a whole in two categories of net assets. The business-type activities has a positive balance reported for *unrestricted net assets* whereas governmental activities and the town as a whole are reporting *negative unrestricted net assets*. This is unchanged from the prior year, the reasons for which were addressed in the previous paragraph. (*Readers are encouraged to read Note F 1(b) in notes to the Financial Reports found on page 57 of this CAFR.*)

There was an increase of **\$1,471,307** in restricted net assets reported in connection with the TOWN of HIGHLAND's business-type activities. Fifteen percent (15%) of the increase is attributable to an increase in resources for payment of debt service in the amount of **\$224,748**. Eighty-five percent (85%) or **\$1,246,559** of the increase is attributable to resources dedicated to capital projects from funds restricted for that purpose. It was earlier noted that the Sanitary District issued Series A and B bonds totaling \$3,500,000 in FY 2007.

The total net assets attributable to government-type activities increased by **\$1,475,280** during FY 2007. This increase is primarily attributable to an increase in resources restricted for payment of debt service, in support of planned increases in debt service requirements for existing debt.

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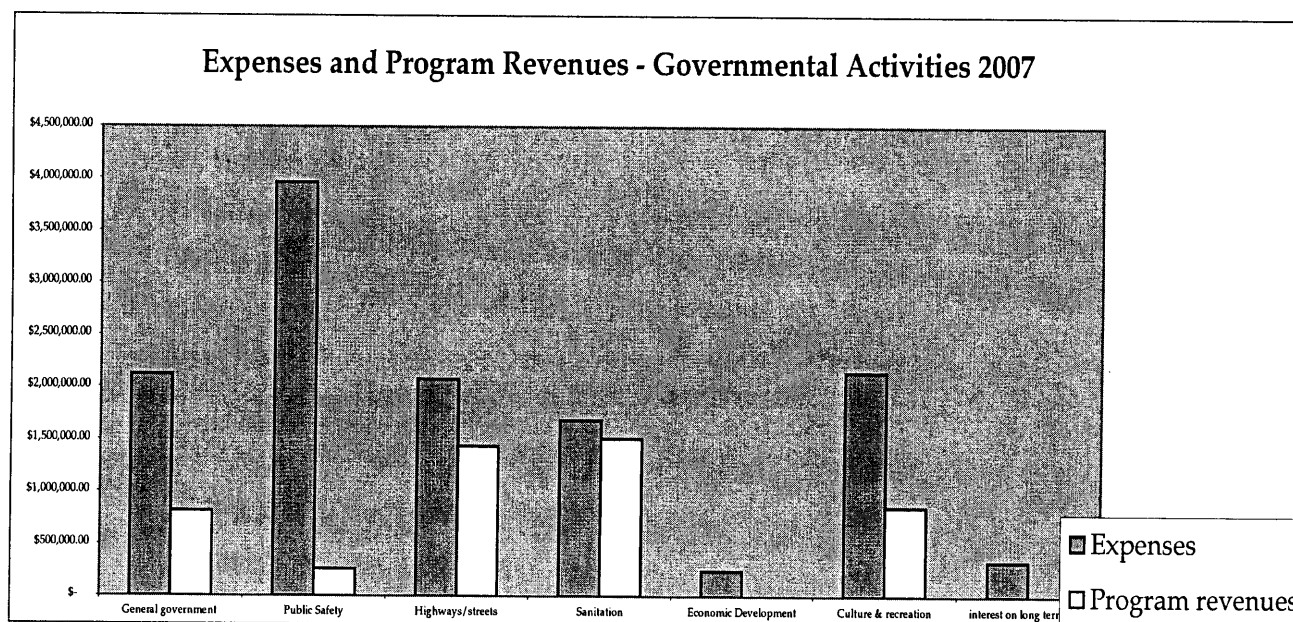
Governmental activities. Governmental activities increased the TOWN of HIGHLAND'S net assets by \$1,475,280 thereby accounting for 189% of the total growth in the net assets of the Town of Highland. Business-type activities experienced a *reduction* in net assets of (-\$695,672.) The effect of these two net asset changes rendered a total increase in net assets for the entire Primary government of \$779,608. Key elements of this increase are as follows:

TOWN of HIGHLAND's CHANGES in NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 3,180,706	\$ 2,945,926	\$ 5,778,423	\$ 5,493,380	8,959,129	\$ 8,439,306
Operating grants and contributions	1,084,944	1,194,935	-	-	1,084,944	1,194,935
Capital grants and contributions	609,888	1,325,520	16,000	-	625,888	1,325,520
General revenues:						
Property taxes	\$ 7,828,469	\$ 7,207,152	\$ 365,780	\$ 576,090	8,194,249	\$ 7,783,242
Other taxes	786,094	689,069	-	-	786,094	689,069
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	544,427	2,220,978	59,990	122,404	604,417	2,343,382
Total Revenues	\$ 14,034,528	\$ 15,583,580	\$ 6,220,193	\$ 6,191,874	20,254,721	\$ 21,775,454
Expenses:						
General government	\$ 2,119,504	\$ 2,063,441			2,119,504	2,063,441
Public safety	3,962,975	4,934,503			3,962,975	4,934,503
Highways/streets	2,076,600	1,882,447			2,076,600	1,882,447
Sanitation	1,683,635	1,570,682			1,683,635	1,570,682
Economic development	241,781	1,871,473			241,781	1,871,473
Culture and recreation	2,140,247	2,112,857			2,140,247	2,112,857
Interest on long-term debt	334,506	264,697			334,506	264,697
Water			3,229,142	2,165,586	3,229,142	2,165,586
Sanitary District (sewer)			3,686,723	3,670,388	3,686,723	3,670,388
Total expenses	\$ 12,559,248	\$ 14,700,100	\$ 6,915,865	\$ 5,835,974	19,475,113	\$ 20,536,074
Increase (decrease) in net assets	1,475,280	883,480	(695,672)	355,900	779,608	1,239,380
Net Assets Beginning	\$ 16,954,211	\$ 11,212,661	\$ 20,568,990	\$ 20,213,090	37,523,201	\$ 31,425,751
Prior Period Adjustment	\$ -	\$ 4,858,070	\$ -	\$ -	-	\$ 4,858,070
Restated Net Assets Beginning	\$ 16,954,211	\$ 16,070,731	\$ 20,568,990	\$ 20,213,090	37,523,201	\$ 36,283,821
Net Assets Ending	\$ 18,429,491	\$ 16,954,211	\$ 19,873,318	\$ 20,568,990	\$ 38,302,809	\$ 37,523,201

- As a percentage of total revenues to the **Primary Government** in FY 2007, *charges for services* represented approximately 44.23% of the total revenue stream. *Property and other taxes* represented 44.34% of the total revenue stream.
- As a percentage of total revenues to the **Governmental activities** in FY 2007, *charges for services* represented approximately 23% of the total revenue stream. *Property and other taxes* represented 61% of the total revenue stream.
- Revenues attributable to Charges for services and *Property & Other Taxes* of the Primary Government in FY 2007 increased significantly. *Property and other taxes* increased by 6% from the prior year owing to planned increases in debt service levies. This was achieved even with the profound property tax collection delay. Charges for services increased by 6.2% in the amount of \$519,823. This was attributable to a scheduled 4.2 % increase in solid waste management fees and modifications to alarm service charges.

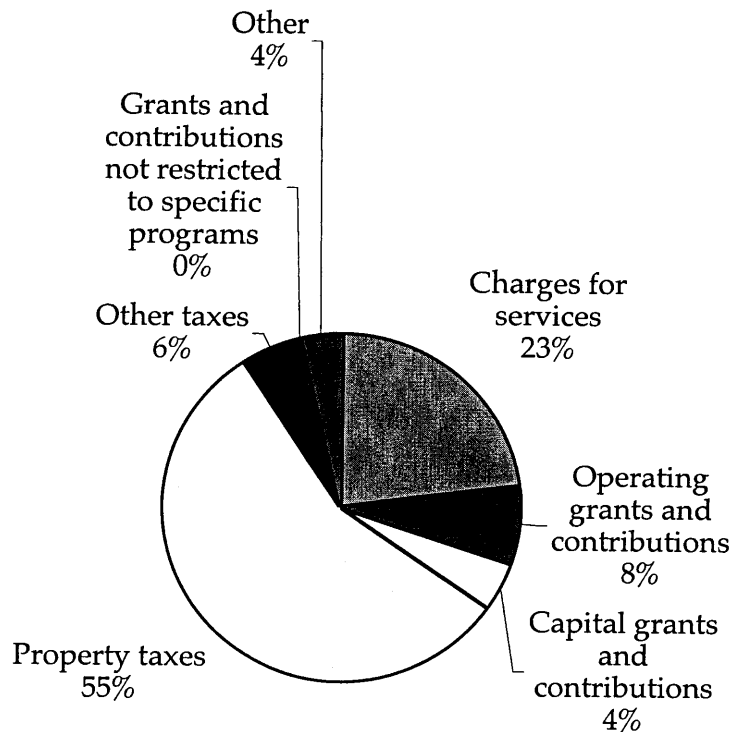
- Capital grants and contributions for the *Primary Government* decreased in 2007 from its 2006 levels by (-\$699,632). The largest portion of the grant awards furnished resources to *Highways and Streets*. In fact, Capital grants decreased by \$715,632 in *Governmental Activities* and increased by \$16,000 in *Business-Type activities*.
- Operating grants and contributions were relatively constant, decreasing in 2007 from its 2006 levels by (-\$109,991). In fact, this change is entirely attributable to *Governmental Activities*. No operating grants and contributions were reported in *Business-Type activities* for 2007 nor 2006.
- Economic Development expenses significantly decreased by (-\$1,629,692) representing a decrease of 87% in 2007 from its 2006 levels. The decrease was primarily attributable to higher than usual spending in FY 2006 for an anomalous special *cooperative project* with a neighboring municipality involving the razing and redevelopment of property, which had blighted apartment buildings. (See note to the financial reports IV (B), pages 43-44 of this report).
- Highway and Street expenses increased by 10.3% in 2007 from its 2006 levels by \$194,153. The increase was attributable to increased costs labor due to snowplowing. Furthermore, Public safety expenses declined by -19.7% in 2007 from 2006 levels in the amount of (-\$971,528), owing to expiration of Homeland security Grant resources from prior year and intentional cost shifting and control.



**Expenses and Program Revenues Government Activities
2007**

	Expenses	Program Revenues	Net (Expense) Revenue
General government	\$ 2,119,504.00	\$ 815,530.00	\$ (1,303,974.00)
Public Safety	\$ 3,962,975.00	\$ 260,687.00	\$ (3,702,288.00)
Highways/ streets	\$ 2,076,600.00	\$ 1,433,873.00	\$ (642,727.00)
Sanitation	\$ 1,683,635.00	\$ 1,509,427.00	\$ (174,208.00)
Economic Development	\$ 241,781.00	\$ 2,764.00	\$ (239,017.00)
Culture & recreation	\$ 2,140,247.00	\$ 853,257.00	\$ (1,286,990.00)
interest on long term debt	\$ 334,506.00	\$ -	\$ (334,506.00)

Revenues by Source Governmental Activities 2007



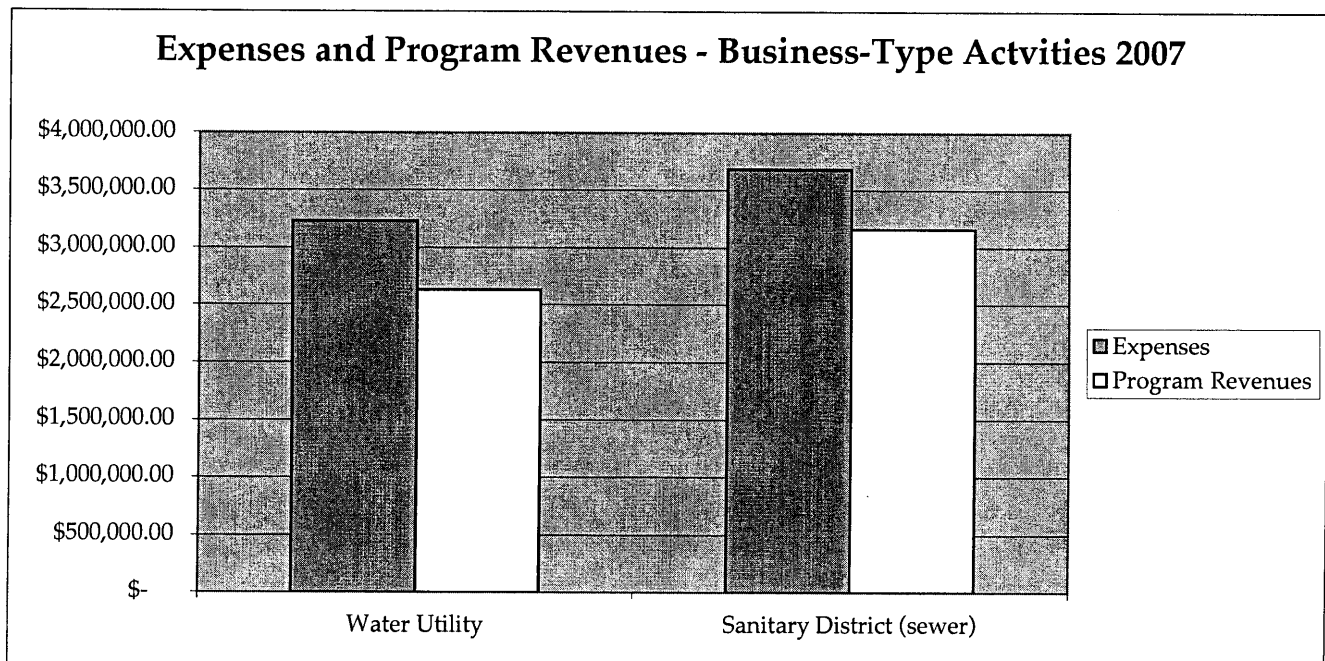
Business-type activities. The TOWN of HIGHLAND'S net assets associated with Business-type Activities actually declined by (-\$695,672). The Key elements of this change in net assets are as follows:

- As a percentage of total revenues to the *Business-Type activities* in FY 2007, *charges for services* represented approximately 92.9% of the total revenue stream. *Property taxes* represented 5.9% of the total revenue stream.
- The Sanitary District in 2007 experienced a 6.8% increase in program revenues whereas the Water District experienced an increase of 4%. These increases can be attributable to higher potable water consumption than in FY 2006 as well as a 5% rate increase for the Sanitary District.
- The Sanitary District experienced an increase in total expenses amounting to 0.4% for FY 2007. much of this was attributable to he district absorbing a share of the compensation costs of the Town manager.

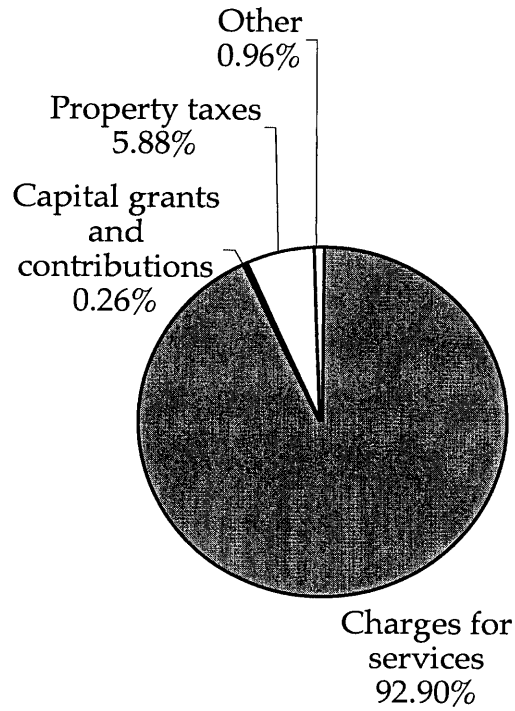
- The Waterworks Utility experienced an increase in total expenses amounting to 49.1% for FY 2007. This is attributable to a \$941,815 replacement and improvement to transmission and distribution plant, as well as general operating increases attributed to health and property and casualty insurance.

**Expenses and Program Revenues Business Type Activities
2007**

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue</u>
Water Utility	\$ 3,229,142.00	\$ 2,632,026.00	\$ (597,116.00)
Sanitary District (sewer)	\$ 3,686,723.00	\$ 3,162,397.00	\$ (524,326.00)



Business Activity Revenues by Source 2007



Financial Analysis of the Government's Funds

As noted earlier, the TOWN of HIGHLAND uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the TOWN of HIGHLAND'S *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the TOWN of HIGHLAND'S financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year ended 31 December 2007, the TOWN of HIGHLAND'S governmental funds reported combined ending fund balances of \$7,173,254, a decrease of \$205,808 in comparison with the prior year. Of the combined ending fund balance amount, \$6,000,510 or (83.7%) is *available for spending* at the government's discretion (*unreserved fund balance*) The remainder of fund balance in the amount of \$1,172,744 is *reserved or designated* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period 2) to cover wages and salaries earned in the current fiscal year but payable in the subsequent one or 3) for a variety of other restricted purposes.

The **General Fund** is the chief operating fund of the TOWN of HIGHLAND. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$1,056,582, while total fund balance reached \$1,586,369. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents fifteen percent (15%) of total general fund expenditures, while total fund balance represents twenty-three percent (23%) of that same amount. Cash flows for this fund in FY 2007 were supported through significant short-term borrowing.

The fund balance of the TOWN of HIGHLAND'S General Fund *increased* by \$629,721 during the current fiscal year. Key factors in this increase are as follows:

- The pay 2006 property tax bills were again delayed and a portion of those collections were settled in 2007.
- The Town authorized an increase of 4% in the Solid Waste Management Fees effective in April of 2007.
- Undesignated income from investments experienced yields in excess of budgeted forecasts, earning in most cases at 5.00%, which exceeds the average 90 day T-Bill rate of 4.35% significantly for the year.

The **Parks and Recreation Fund** had a total fund balance of \$158,812. The Parks and Recreation Fund had an unreserved, undesignated fund balance of \$106,439. As a measure of the Parks and Recreation Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents six percent (6%) percent of total Parks and Recreation Fund expenditures, while total fund balance represents nine percent (9%) of that same amount.

The fund balance of the TOWN of HIGHLAND'S Parks and Recreation Fund *from \$17,349 in FY 2006 to \$158,812 in FY 2007 and increase of \$141,463* during the current fiscal year. Key factors in this increase is attributable to the 2006 property tax bills being again delayed and a portion of those collections was settled in 2007. Cash flows for this fund in FY 2007 were supported through significant short-term borrowing.

Proprietary funds. The TOWN of HIGHLAND'S proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Waterworks and Sanitary District utilities at the end of the year amounted to \$658,795. The total **change** in net assets for both funds was **(-\$544,111)** and **(-\$151,561)**, respectively, for a total of **(-\$695,672)**. Other factors concerning the finances of these two funds have already been addressed in the discussion of the TOWN of HIGHLAND'S business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget equaled a net decrease of **(-\$347,095)** in appropriations. The net decrease is comprised of a reducing adjustment of **(-\$463,436)** attributable to year-end expenses carried over from FY 2007 to be disbursed in FY 2008 and true increases in FY 2007 of \$116,808, for a net decrease of **(-\$347,095)**. Following are the main components of the increases:

- \$27,639 net increase in general government allowed for added increases associated with Building and Inspection, increased costs to workers compensation, property/casualty and fleet insurance.
- \$38,415 increase to Building and Inspection allowed for added code enforcement and costs associated with consultant fees for planning services.

- \$68,082 increase to Service sand Works allowed for increased premiums for workers compensation, property/casualty and fleet insurance.
- \$10,311 increase in the Volunteers In Policing Services (VIPS) Program allowed for added expenses to expand the program from its original grant supported program.

The increase was possible in part because of added unreserved, undesignated fund balance which came about because of lower costs than expected and some economies in the previous fiscal year.

Differences between the **final budget** and the **actual** were relatively significant and can be briefly summarized as follows:

- General Fund experienced a net **(-\$2,253,024)** decrease from the Final Revenue Budget, fixed at **\$7,300,226**. Actual revenues were **\$5,047,202**. This negative variance with from final budget, is attributable to the fact that only 39% of the expected 2007 tax revenue was collected in 2007, leaving nearly 61% as a receivable at year end. This created property tax collections in deficit from both the original and final budgeted estimate of **(-\$2,883,324)** for the fund.
- General Fund had **final budgeted appropriations of \$7,282,345**. However, **actual expenditures** totaled only **\$6,920,856**, coming **under the final budget by \$361,489**. The majority of this amount is due to the timing of payments, which will be made in 2008 as a result of the use of modified accrual accounting.

Capital assets and Debt Administration

Capital assets. The TOWN of HIGHLAND'S investments in capital assets for its governmental and business type activities as of December 31, 2007, amounts to **\$40,958,528** (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, road and highways. The total investment in capital assets in the TOWN of HIGHLAND for the current fiscal year represented an increase of \$1,726,767 or 4.4%. The specific components of the increase are a \$1,108,027 (5.4%) increase for governmental activities and a \$618,740 (3.31%) increase for business-type activities.

TOWN of HIGHLAND'S CAPITAL ASSETS (net of depreciation)								
	Governmental Activities		Business-Type Activities		Total		Change to Capital Assets	Percentage change
	2007	2006	2007	2006	2007	2006		
Land	\$ 2,615,362	\$ 2,528,508	\$ 55,477	\$ 55,477	\$ 2,670,839	\$ 2,583,985	\$ 86,854.00	3.36%
Buildings and System	\$ 2,938,881	\$ 2,128,991	\$ 430,489	\$ 455,033	\$ 3,369,370	\$ 2,584,024	\$ 785,346.00	30.39%
Improvements other than buildings	\$ 877,067	\$ 923,387	\$ 2,656,716	\$ 2,768,562	\$ 3,533,783	\$ 3,691,949	\$ (158,166.00)	-4.28%
Machinery and equipment	\$ 1,446,378	\$ 1,054,265	\$ 696,604	\$ 381,027	\$ 2,142,982	\$ 1,435,292	\$ 707,690.00	49.31%
Infrastructure	\$ 12,598,376	\$ 13,100,835	\$ 15,233,361	\$ 14,929,412	\$ 27,831,737	\$ 28,030,247	\$ (198,510.00)	-0.71%
Construction in progress	\$ 1,156,963	\$ 789,014	\$ 252,854	\$ 117,250	\$ 1,409,817	\$ 906,264	\$ 503,553.00	55.56%
Total:	\$ 21,633,027	\$ 20,525,000	\$ 19,325,501	\$ 18,706,761	\$ 40,958,528	\$ 39,231,761	\$ 1,726,767.00	4.40%

Addition information on the TOWN of HIGHLAND's capital assets can be found in note IV. C on **pages 45 to 46** of this report.

Major **capital asset events** during the fiscal year ending 31 December 2007 included the following:

Streets and Sanitation

Branton Avenue Reconstruction Project

The Branton Avenue Reconstruction Project was substantially completed in 2007. The limits of the project were Branton Avenue, Ridgewood Avenue to Parkway Drive and Kenilworth Avenue, Indianapolis Boulevard to 150' west of Branton Avenue. The project consisted of drainage improvements, curb installation, sidewalk replacement, water main replacement, and pavement reconstruction. The Contract was awarded in June 2007 to Rieth-Riley Construction Company, Inc. in the amount of \$924,748.00. A

General Improvement District was established by the Town to support the curb and sidewalk installations on the project. The project design and construction engineer was Garcia Consulting.

Ridge Road Resurfacing Project

The Ridge Road Resurfacing Project was completed in 2007. The project was funded with funds provided by the State of Indiana Major Moves initiative. The project limits were 500' west of Cline Avenue to 5th Street and included surfacing milling, 1" asphalt overlay, and thermoplastic pavement markings. The total cost for the project was \$226,464.83. The Contract was constructed by Rieth-Riley Construction Company, Inc. under the annual pavement maintenance contract. The Airmarking Co., Inc. completed pavement markings for a cost of \$17,550.85.

Street Resurfacing Projects

The following streets were paved in 2007 as part of the Town general maintenance program:

Street	From	To
Martha Street	Cottage Grove Avenue	O'Day Drive
O'Day Drive	Martha Street	Highland Place
O'Day Drive	41st Street	41st Place
Highland Street	O'Day Drive	Martha Street
Highland Place	41st Street	Martha Street
Azalea Drive	Southmoor Avenue	Munster Line
Wildwood Drive	Azalea Drive	44th Street
Liable Road	Wirth Road	41st Street
Liable Road	Liable Road	Arbor Hill Drive
LaVerne Drive	Liable Road	Arbor Hill Drive
Maple Drive	Duluth Street	Grace Street
Eder Street	Grace Street	Duluth Street
North Drive	Parrish Avenue	Grace Street
Parrish Avenue	North Drive	Grand Boulevard
Duluth Avenue	(Cul-de-Sac)	

Engineering Projects

Kennedy Avenue North – Preliminary Engineering for the Kennedy Avenue Improvement Project between Ridge Road and the Little Calumet River continued in 2007. First Group Engineering, Inc. was contracted in 2003 to complete the survey portion of the design. In 2004, FGE, Inc. was contracted to complete the Design Study Report, Environmental Report and Preliminary Design in 2004 and 2005. Final Design will be completed in 2006 and 2007. The Project (Federal-Aid) involves the reconstruction of Kennedy Avenue. The estimated cost for the Project is \$7,500,000 and has been rescheduled for construction in 2009.

Cline Avenue Project – Preliminary Engineering for the Cline Avenue Improvement Project between Ridge Road and 45th Avenue began in 2005. First Group Engineering, Inc. was contracted to complete the first phase of the preliminary engineering that includes the field survey, environmental study, and design study report portions of the engineering in 2005. Final Design will be completed in 2008. The Project (Federal-Aid) involves the reconstruction of Cline Avenue. The local share of the funding will split between the Town of Highland and the Town of Griffith through an interlocal cooperation agreement. The estimated cost for the Project is \$2,565,200 and has been rescheduled for construction in 2010.

Department of Waterworks and Municipal Water Utility

•Ridge Road 500,000 Gallon Elevated Water Tank – Exterior Repaint w/Containment

The Highland Water Works completed a project to repaint the exterior surfaces on the Ridge Road Elevated Water Tank. The work also included abrasive blasting with containment to remove the existing coating system. The Contract was awarded in June 2007 to D & M Painting Corporation, Washington, Pennsylvania in the amount of \$191,080.00. The project was substantially completed in November 2007. Dixon Engineering, Lake Odessa, Michigan prepared the bid specifications, contract documents, and performed resident inspection of the project.

Hammond Meter Vault Replacement Project

The Highland Water Works implemented the reconstruction of the Hammond water meter vault located within the City of Hammond, Indiana, immediately north of the Little Calumet River. The meter vaults were replaced as a condition of the water purchase agreement between the Hammond Water Works and Highland Water Works, executed in 2006. Subsequent to the project completion, operation and maintenance of the meter vaults will be transferred to the Hammond Water Works.

Contract 1 consists of the following: Furnishing all equipment, labor, and materials for the construction of an underground packaged water meter vault, installation of the water meter vault, reinforced concrete base pad and tie down system for the water meter vault, demolition work, 18-inch and 20-inch ductile iron water main connections and valves, construction site dewatering, flow testing manholes, coordinating and providing electrical and telemetry service connections to the water meter vault and Highland's Bradley Pump Station, abandonment of two existing water meter vaults, capping abandoned water mains, storm water piping and catch basin, site access asphalt roadway, installation of a telemetry interface panel furnished by others, site grading, top soil and seeding, startup services, disinfection, pressure testing and all other work as shown or specified in the Project Documents.

Contract 2 consists of the following: Furnishing all equipment, labor and materials for the construction of the telemetry interface panel, delivery of the panel to the water meter vault manufacturer, related hardware and software modifications to the Hammond Water Treatment Plant, modifications to Highland Bradley Pump Station control system, telemetry equipment for transmitting to and receiving from the Hammond Water Treatment Plant and for transmitting to the Highland Bradley Pump Station, antenna cable and antennas for cellular phone data transmission to the Bradley Pump Station, verification of proper control connections in the water meter vault, on-site system startup and testing and all other related work as shown or specified in the Project Documents.

Contract 1 was awarded to LGS Plumbing, Inc. on May 24, 2007 in the amount of \$632,873.00. Contract 2 was awarded to Metropolitan Industries, Inc. on May 24, 2007 in the amount of \$64,855.00. Both Contracts are expected to be substantially completed in early 2008.

Sanitary Districts and Municipal Wastewater/Stormwater Utility**•Maple Drive/Eder Street/North Drive Sewer Separation Project**

Continuing with the District's sewer separation project, the Board ordered the installation of 3,127 L.F. of 12" PVC storm sewer in the 3000-3300 blocks of Maple Drive, 3000-3300 blocks of Eder Street, and 3200-3300 blocks of North Drive. In addition, 143 homes were provided service connections to the storm sewer in order to provide an outlet for private storm water sump pump discharges. The work also included street paving. The Project was awarded to deBoer Egolf Corporation in February 2007 in the amount of \$465,345.00. One change order in the amount of (\$88,925.00) decreased the final construction cost to \$376,420.00. The project design and construction engineer was NIES Engineering, Inc. In addition, Rieth-Riley Construction Co., Inc. performed pavement services (milling and paving) adding an additional \$197,490.20 to the project cost.

•Hart Road Sanitary Sewer Extension Project

The Highland Sanitary District implemented the Hart Road Sanitary Sewer Extension Project to provide sanitary sewer service to nine (9) homes in the 2500 Block of Hart Road. The project consisted of the furnishing and installing all equipment, labor and materials to construct about 485 LF of 8-inch diameter PVC sanitary sewer including manholes, clearing, excavation, backfill, 6-inch by 8-inch diameter PVC sanitary wye fittings for building sewer connections, 6-inch sanitary lateral connections, traffic maintenance, surface restoration and all other related work and appurtenances. The project was funded from Sewer Extension and Improvement to be reimbursed by assessments from the benefiting property owners through assessments. The Project was awarded to Rex Construction, Inc. in May 2007 in the amount of \$94,575.00. Final cost for the project was \$94,575.00.

Parks and Recreation

- The **Main Square Park Improvement and Gazebo Reconstruction Project** was 100% completed. This project involves the retrofit and reconstruction of the centerpiece of the park – its Gazebo – an improvement originally constructed in 1981. Included were upgrades to water and electrical service, installation of perimeter park lighting, and construction of an additional restroom and concessions building.
- The **Lincoln Community Center Retrofit and Reconstruction Project** (Master Plan) was begun and was 50% complete with expenditures of \$13,596.12. This project involves the master planning of the Community Center, originally an elementary school that was first constructed in 1947 with upgrades made in 1950, 1965, and 1998. Preliminary plans called for some redesign, reconstruction, and some new construction.
- The **Meadows Concession stand** was reconstructed at a cost of \$39,371.55. A new storage area was built, the concessions area was expanded, and the restrooms were reconstructed to allow for more stalls.
- Additional land was purchased next to **Sheppard Park** for future park expansion. The land, approximately 1.5 acres, was purchased from the Kortenhoeven family for a cost of \$75,600.
- Development of **White Oak Estates Park** continued. A new playground with many features, borders and safety surfacing was purchased for \$50,154.57. Sidewalks, access to the park walking trail, and park access from White Oak Lane were installed at a cost of \$13,205.
- New playground equipment for Meadows Park (north end) was purchased at a cost of \$19,163. The playground will be installed in the spring of 2008.
- The parking lot at Markley Park was redesigned and increased to allow for more cars for Little League games at a cost of \$17,981.
- The Sharp Athletic Complex was re-lamped for better lighting for adult softball leagues. Our usage was analyzed using the number of weeks and games that we play at the complex and it was determined that this process should take place every three years to optimize the best lighting possible for these leagues.
- A new 16' wide area mower was purchased for \$72,423.46. This allows for faster and more efficient mowing of the park acreage.
- Two new mid-size pick-up trucks were purchased. These replaced two old 1994 mid-sized pick-up trucks. These new trucks came with crew cabs so as to have the entire mowing crews in the cabs and not in the back of the pick-ups. These two trucks cost \$17,701/each.

Long-term debt. At the end of the current fiscal year, the TOWN of HIGHLAND had total bonded debt outstanding of **\$11,506,815**. Of this amount, **\$10,100,611** comprises debt backed by the full faith and credit of the government. The remainder of the TOWN of HIGHLAND's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

The TOWN of HIGHLAND's total debt increased by a net **\$2,358,447** (26%) during the current fiscal year. General obligation debt had a net increase of \$2,539,244 (34%). Revenue bonded indebtedness decreased by (-\$180,797) (-11%). The key factor in the overall increase was a general obligation taxing district bond issued by the Sanitary District in two series. Series A was issued in the amount of \$1,469,500 and Series B was issued in the amount of \$2,030,500 for a total of \$3,500,000.

The TOWN of HIGHLAND maintains an A rating from Standard and Poor's for its *rated* debt.

State statutes and the Indiana Constitution limit the amount of general obligation debt that a governmental entity may issue. Article 13 of the Indiana Constitution states that a municipal corporation may not exceed two percent (2%) of one-third of the total assessed valuation of the unit. Statutes also limit so-called special taxing districts, which are co-terminus with the boundaries of the Town. The Parks and Recreation District may not

exceed two percent (2%), the Redevelopment District may not exceed two percent (2%), the Waterworks District may not exceed eight percent (8%) and the Sanitary District may not exceed twelve percent (12%) of one-third of the total assessed valuation of the Town.

Additional information on the TOWN of HIGHLAND'S long-term debt can be found in note IV (H) on pages 49-50 of this report.

TOWN of HIGHLAND'S Outstanding Debt General Obligation and Revenue Bonds						
	Governmental Activities		Business-Type Activities		Total	
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06	2007	2006
General Obligation Bonds	\$ 5,566,328.00	\$ 6,164,494.00	\$ 4,534,283.00	\$ 1,396,873.00	\$ 10,100,611.00	\$ 7,561,367.00
Special assessment debt with governmental commitment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	\$ 1,406,204.00	\$ 1,587,001.00	\$ -	\$ -	\$ 1,406,204.00	\$ 1,587,001.00
Total	\$ 6,972,532.00	\$ 7,751,495.00	\$ 4,534,283.00	\$ 1,396,873.00	\$ 11,506,815.00	\$ 9,148,368.00

Economic Factors and Next Year's Budget and Rates

- Inflationary trends in the region compare favorably to the national indices.
- The regional delay due to the delay of the property taxes owing to the general trending reassessment continues but shows signs of moving towards the normal cycle.
- The Indiana General Assembly passed a law applicable only to all units of government in Lake County except Schools, that *freezes* all property tax levies for controlled (operating) funds at FY 2007, unless and until the Lake County Council adopts a County-wide income tax dedicated to property tax replacement. In FY 2007, the Lake County Council passed the tax by a vote of 4 to 3. However, the County executive vetoed, the ordinance and the County Council was unable to attain the necessary 5 votes to over ride the veto.

All of these factors were considered in preparing the TOWN of HIGHLAND's budget for the 2008 fiscal year.

During the current fiscal year, unreserved, undesignated fund balance in the general fund increased from \$647,891 at the end of 2006 to \$1,056,582 at the end of 2007. The TOWN of HIGHLAND has appropriated most of this amount for spending in the FY 2008 budget. It is intended that the use of this fund balance will offset revenue shortfalls owing to tax bill delays and permit expenditures for one-time deferred needs of the municipality. This includes payment of a one-time pay bonus to all full-time workers in the amount of \$1,600 and some select adjusting raises. No general increase to wages and salaries were given in 2007.

Solid Waste Management user charges were increased in 2007 by 4%. The increase was necessary to finance cost increases charged by the solid waste curb side collection vendor after bids were solicited for these services.

Wastewater and Stormwater rates increased by 5% in February of 2007 and will increase an additional 5% in 2008 and again in 2009.

Finally, in March of 2006, the Town Council appointed the Town's first Town Manager, Richard Underkofler, formerly of Mattoon, Illinois. Mr. Underkofler was engaged for a contractual term to conclude on December 31, 2007. This term was in part determined owing to Indiana statutory prohibitions, which prohibit Town manager contracts to extend beyond the term of the elected Town Council. All five members of the Town Council and the Clerk-Treasurer were subject to municipal election in 2007. Three new persons and two incumbents are assuming seats on the Town Council. The Clerk-Treasurer was re-elected. Their terms begin at noon, January 1, 2008 and continue for four years until before noon January 1, 2012. The outgoing council voted to repeal the ordinance establishing the office of the Town Manager. The Town manager departed for a position in Petersburg, Alaska at the end of his contract term.

Requests for Information

This financial report is designed to provide a general overview of the TOWN of HIGHLAND's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Clerk-Treasurer, 3333 Ridge Road, TOWN of HIGHLAND, INDIANA, 46322.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF NET ASSETS
December 31, 2007

<u>Assets</u>	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 3,747,040	\$ 691,341	\$ 4,438,381
Receivables (net of allowances for uncollectibles):			
Interest	5,367	276	5,643
Taxes	4,406,769	124,044	4,530,813
Accounts	73,863	75,657	149,520
Intergovernmental	93,486	-	93,486
Inventories	-	77,155	77,155
Prepaid items	9,404	2,494	11,898
Deferred charges	139,517	139,872	279,389
Restricted assets:			
Cash and cash equivalents	5,218,454	4,506,006	9,724,460
Interest receivable	967	935	1,902
Taxes receivable	1,485,271	75,345	1,560,616
Accounts receivable	985	-	985
Intergovernmental receivable	191,727	-	191,727
Special assessments receivable	6,828	-	6,828
Cooperative receivable	1,750,000	-	1,750,000
Inventories	-	92,088	92,088
Capital assets:			
Land and construction in progress	3,772,325	308,331	4,080,656
Other capital assets, net of depreciation	17,860,702	19,017,170	36,877,872
Total assets	38,762,705	25,110,714	63,873,419

<u>Liabilities</u>	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Accounts payable	258,643	278,142	536,785
Accrued payroll and withholdings payable	313,585	39,607	353,192
Contracts payable	-	20,026	20,026
Taxes payable	-	10,158	10,158
Payable from restricted assets:			
Accounts payable	140,103	-	140,103
Accrued payroll and withholdings payable	26,833	-	26,833
Contracts payable	90,946	-	90,946
Retainage payable	69,665	12,776	82,441
Customer deposits	-	116,984	116,984
Accrued bond interest	145,664	25,954	171,618
Noncurrent liabilities:			
Amounts due within one year:			
General obligation bonds payable	979,000	246,000	1,225,000
Revenue bonds payable	190,000	-	190,000
Compensated absences	349,781	80,498	430,279
Retainage payable	-	94,580	94,580
Capital lease obligations	96,882	-	96,882
Tax anticipation warrants	6,016,789	-	6,016,789
Amounts due beyond one year:			
General obligation bonds payable (net of discounts or premiums)	4,587,328	4,288,283	8,875,611
Compensated absences	155,257	23,332	178,589
Revenue bonds payable (net of discounts or premiums)	1,216,204	-	1,216,204
Matured bonds and coupons payable	-	1,056	1,056
Capital lease obligations	310,524	-	310,524
Net pension obligation	5,386,010	-	5,386,010
Total liabilities	20,333,214	5,237,396	25,570,610

<u>Net assets</u>			
Invested in capital assets, net of related debt	16,730,642	15,071,501	31,802,143
Restricted for:			
Highways and streets	784,089	-	784,089
Debt service	1,194,759	580,934	1,775,693
Capital Projects	2,435,411	3,808,088	6,243,499
Other purposes	203,165	-	203,165
Unrestricted	(2,918,575)	412,795	(2,505,780)
Total net assets	\$ 18,429,491	\$ 19,873,318	\$ 38,302,809

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities Totals
Primary government:						
Governmental activities:						
General government	\$ 2,119,504	\$ 726,177	\$ 6,650	\$ 82,703	\$ (1,303,974)	\$ - (1,303,974)
Public safety	3,962,975	183,092	77,595	-	(3,702,288)	- (3,702,288)
Highways and streets	2,076,600	-	913,676	520,197	(642,727)	- (642,727)
Sanitation	1,683,635	1,429,690	72,749	6,988	(174,208)	- (174,208)
Urban redevelopment	241,781	2,764	-	-	(239,017)	- (239,017)
Culture and recreation	2,140,247	838,983	14,274	-	(1,286,990)	- (1,286,990)
Interest on long-term debt	334,506	-	-	-	(334,506)	- (334,506)
Total governmental activities	12,559,248	3,180,706	1,084,944	609,888	(7,683,710)	- (7,683,710)
Business-type activities:						
Water	3,229,142	2,632,026	-	-	(597,116)	- (597,116)
Sanitary District	3,686,723	3,146,397	-	16,000	(524,326)	- (524,326)
Total business-type activities	6,915,865	5,778,423	-	16,000	(1,121,442)	- (1,121,442)
Total primary government	\$ 19,475,113	\$ 8,959,129	\$ 1,084,944	\$ 625,888	(7,683,710)	(1,121,442) (8,805,152)
General revenues:						
Property taxes					7,828,469	365,780 8,194,249
Excise taxes					607,315	- 607,315
Financial institution tax					60,268	- 60,268
Commercial vehicle excise tax					35,520	- 35,520
ABC gallonage tax					60,436	- 60,436
Cigarette tax					22,555	- 22,555
Other					140,933	39,053 179,986
Unrestricted investment earnings					317,820	106,611 424,431
Transfers					85,674	(85,674) -
Total general revenues and transfers					9,158,990	425,770 9,584,760
Change in net assets					1,475,280	(695,672) 779,608
Net assets - beginning					16,954,211	20,568,990 37,523,201
Net assets - ending					\$ 18,429,491	\$ 19,873,318 \$ 38,302,809

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007

<u>Assets</u>	<u>General</u>	<u>Parks and Recreation</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 2,553,209	\$ 433,755	\$ 127,077	\$ 3,114,041
Receivables (net of allowances for uncollectibles):				
Interest	4,173	597	597	5,367
Taxes	3,526,060	793,920	86,789	4,406,769
Accounts	73,863	-	-	73,863
Intergovernmental	84,092	8,468	926	93,486
Interfund receivable:				
Interfund loans	-	-	39,000	39,000
Restricted assets:				
Cash and cash equivalents	-	-	5,218,454	5,218,454
Interest receivable	-	-	967	967
Taxes receivable	-	-	1,485,271	1,485,271
Accounts receivable	-	-	985	985
Intergovernmental receivable	-	-	191,727	191,727
Special assessments receivable	-	-	6,828	6,828
Total assets	\$ 6,241,397	\$ 1,236,740	\$ 7,158,621	\$ 14,636,758

Liabilities and fund balances

Liabilities:				
Accounts payable	\$ 210,466	\$ 39,606	\$ 2,234	\$ 252,306
Accrued payroll and withholdings payable	284,738	25,913	2,175	312,826
Interfund payable:				
Interfund loan	-	80,000	39,000	119,000
Deferred revenue	259,824	57,409	6,276	323,509
Tax anticipation warrants payable	3,900,000	875,000	1,241,789	6,016,789
Payable from restricted assets:				
Accounts payable	-	-	140,103	140,103
Accrued payroll and withholdings payable	-	-	26,833	26,833
Contracts payable	-	-	90,946	90,946
Retainage payable	-	-	59,665	59,665
Deferred revenue	-	-	121,527	121,527
Total liabilities	4,655,028	1,077,928	1,730,548	7,463,504

The notes to the financial statements are an integral part of this statement.

Continued on next page

TOWN OF HIGHLAND, INDIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007
(Continued)

	General	Parks and Recreation	Other Governmental Funds	Totals
Fund balances:				
Reserved for:				
Encumbrances	529,787	52,373	590,584	1,172,744
Unreserved, reported in:				
General fund	1,056,582	-	-	1,056,582
Special revenue funds	-	106,439	969,676	1,076,115
Capital projects funds	-	-	2,570,185	2,570,185
Debt service funds	-	-	1,297,628	1,297,628
Total fund balances	<u>1,586,369</u>	<u>158,812</u>	<u>5,428,073</u>	<u>7,173,254</u>
Total liabilities and fund balances	<u>\$ 6,241,397</u>	<u>\$ 1,236,740</u>	<u>\$ 7,158,621</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	21,633,027
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,195,036
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	(700,658)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(6,494,562)
Prepaid items paid in the current period, but not expended currently and, therefore, are reported in the funds as expenditures.	9,404
Net pension obligation are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,386,010)</u>
Net assets of governmental activities	<u>\$ 18,429,491</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

	General	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 4,631,646	\$ 1,042,384	\$ 2,079,326	\$ 7,753,356
Special assessments	-	-	33,249	33,249
Licenses and permits	405,926	-	7,690	413,616
Intergovernmental	609,813	94,271	1,836,475	2,540,559
Charges for services	1,703,432	520,050	82,668	2,306,150
Fines and forfeits	90,165	-	2,888	93,053
Other	190,500	265,219	262,851	718,570
Total revenues	7,631,482	1,921,924	4,305,147	13,858,553
Expenditures:				
Current:				
General government	1,387,823	-	-	1,387,823
Public safety	4,140,272	-	115,953	4,256,225
Highways and streets	-	-	1,155,597	1,155,597
Sanitation	1,473,666	-	209,969	1,683,635
Culture and recreation	-	1,780,461	66,435	1,846,896
Urban redevelopment	-	-	131,631	131,631
Debt service:				
Principal	-	-	779,000	779,000
Interest	-	-	367,198	367,198
Capital outlay:				
General government	-	-	590,929	590,929
Highways and streets	-	-	1,119,266	1,119,266
Culture and recreation	-	-	1,092,871	1,092,871
Urban redevelopment	-	-	29,949	29,949
Total expenditures	7,001,761	1,780,461	5,658,798	14,441,020
Excess (deficiency) of revenues over (under) expenditures	629,721	141,463	(1,353,651)	(582,467)
Other financing sources (uses):				
Transfers in	-	-	69,659	69,659
Transfers out	-	-	(69,659)	(69,659)
Issuance of debt	-	-	-	-
Discounts related to issuance of debt	-	-	-	-
Capital leases	-	-	376,659	376,659
Total other financing sources (uses)	-	-	376,659	376,659
Net change in fund balances	629,721	141,463	(976,992)	(205,808)
Fund balances - beginning	956,648	17,349	6,405,065	7,379,062
Fund balances - ending	\$ 1,586,369	\$ 158,812	\$ 5,428,073	\$ 7,173,254

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2007

Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures and Changes in Fund Balances).	\$ (205,808)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,129,675
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(21,648)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	75,113
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	480,539
Net pension obligations are considered long-term obligations of the general government, but are not current expenditures.	18,587
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(46,326)
Some revenues reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as revenues in governmental funds.	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	
Change in net assets of governmental activities (Statement of Activities)	45,148
	\$ 1,475,280

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2007

Assets	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities	
	Water Utility	Sanitary District			Internal Service Fund	
Current assets:						
Cash and cash equivalents	\$ 164,230	\$ 527,111	\$	691,341	\$	632,999
Interest receivable	185	91		276		-
Taxes receivable (net of allowance)	-	124,044		124,044		-
Accounts receivable (net of allowance)	50,972	24,685		75,657		-
Interfund receivables:						
Interfund loan	-	-		-		80,000
Inventories	62,388	14,767		77,155		-
Current portion of operating lease	-	-		-		196,226
Current portion of direct financing lease	-	-		-		9,250
Prepaid items	1,353	1,141		2,494		-
Restricted cash, cash equivalents and investments:						
Customer deposits	116,984	-		116,984		-
Total current assets	396,112	691,839		1,087,951		918,475
Noncurrent assets:						
Restricted cash, cash equivalents and investments:						
Improvement	684,896	3,032,832		3,717,728		-
Bond and interest	35,141	6,053		41,194		-
Extension	-	79,641		79,641		-
Reserve	539,740	-		539,740		-
Co-op	-	10,719		10,719		-
Other restricted assets:						
Interest receivable	-	935		935		-
Taxes receivable (net of allowance)	-	75,345		75,345		-
Inventories	92,088	-		92,088		-
Total restricted assets	1,351,865	3,205,525		4,557,390		-
Deferred charges						
Operating lease receivable	-	139,872		139,872		35,810
Net investment in direct financing lease	-	-		-		37,000
Capital assets:						
Land, improvements to land and construction in progress	162,981	145,350		308,331		-
Other capital assets (net of accumulated depreciation)	8,283,684	10,733,486		19,017,170		-
Total capital assets	8,446,665	10,878,836		19,325,501		-
Total noncurrent assets	9,798,530	14,224,233		24,022,763		863,744
Total assets	10,194,642	14,916,072		25,110,714		1,782,219

The notes to the financial statements are an integral part of this statement.

Continued on next page

TOWN OF HIGHLAND, INDIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2007
(Continued)

Liabilities	Business-Type Activities -			Governmental	
	Enterprise Funds			Activities	
	Water	Sanitary	Totals	Internal	Service Funds
	Utility	District			
Current liabilities:					
Accounts payable	95,379	182,763	278,142		6,337
Accrued payroll and withholding payable	19,896	19,711	39,607		759
Contracts payable	12,213	7,813	20,026		-
Taxes payable	10,158	-	10,158		-
Revenue bonds and accrued interest	-	-	-		190,000
Retainage payable	12,776	-	12,776		-
Compensated absences	36,490	44,008	80,498		-
Accrued interest payable	-	-	-		36,167
Current liabilities payable from restricted assets:					
Customer deposits	116,984	-	116,984		-
Accrued interest payable	-	25,954	25,954		-
General obligation bonds payable	-	246,000	246,000		-
Total current liabilities	303,896	526,249	830,145		233,263
Noncurrent liabilities:					
General obligation bonds payable (net of unamortized premium)	-	4,288,283	4,288,283		-
Revenue bonds payable (net of unamortized discounts or premiums)	-	-	-		1,216,204
Retainage payable	77,069	17,511	94,580		-
Compensated absences	9,488	13,844	23,332		-
Matured bonds and coupons payable	-	1,056	1,056		-
Total noncurrent liabilities	86,557	4,320,694	4,407,251		1,216,204
Total liabilities	390,453	4,846,943	5,237,396		1,449,467
Net Assets					
Invested in capital assets, net of related debt	8,446,665	6,378,836	14,825,501		-
Restricted for debt service	574,881	6,053	580,934		-
Restricted for capital projects	684,896	3,123,192	3,808,088		-
Unrestricted	97,747	561,048	658,795		332,752
Total net assets	\$ 9,804,189	\$ 10,069,129	\$ 19,873,318		\$ 332,752

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2007

	Business-Type Activities -			Governmental	
	Enterprise Funds			Activities	
	Water	Sanitary	Totals	Internal	Service Fund
	Utility	District			
Operating revenues:					
Unmetered water revenue	\$ 851	\$ -	\$ 851	\$ -	-
Metered revenue	2,041,274	3,070,517	5,111,791	-	-
Fire protection revenue	288,624	-	288,624	-	-
Penalties	20,015	31,968	51,983	-	-
Other water revenue	187,112	-	187,112	-	-
Charges for services	-	-	-	-	165,419
Other	94,150	43,912	138,062	-	62
Total operating revenues	2,632,026	3,146,397	5,778,423	-	165,481
Operating expenses:					
Source of supply and expense - operations and maintenance	765,847	-	765,847	-	-
Transmission and distribution	1,470,572	-	1,470,572	-	-
Collection system - operations and maintenance	-	370,905	370,905	-	-
Pumping - operations and maintenance	93,817	521,380	615,197	-	-
Treatment and disposal expense - operations and maintenance	-	1,360,372	1,360,372	-	-
Customer accounts	84,765	114,937	199,702	-	-
Administration and general	458,678	754,396	1,213,074	-	157,497
Depreciation	354,394	504,994	859,388	-	-
Total operating expenses	3,228,073	3,626,984	6,855,057	-	157,497
Operating income (loss)	(596,047)	(480,587)	(1,076,634)	-	7,984
Nonoperating revenues (expenses):					
Interest and investment revenue	76,064	30,547	106,611	15,126	-
Contributions from property owners	-	39,053	39,053	-	-
Local tax distributions	19,778	346,002	365,780	-	-
Interest expense	(839)	(56,366)	(57,205)	(71,538)	-
Amortization of bond issue costs	(230)	(3,373)	(3,603)	(4,602)	-
Total nonoperating revenue (expenses)	94,773	355,863	450,636	(61,014)	-
Income (loss) before contributions and transfers	(501,274)	(124,724)	(625,998)	(53,030)	-
Capital contributions	-	-	-	-	-
Transfers in	-	16,000	16,000	-	-
Transfers out	(42,837)	(42,837)	(85,674)	85,674	-
Change in net assets	(544,111)	(151,561)	(695,672)	32,644	-
Total net assets - beginning	10,348,300	10,220,690	20,568,990	300,108	-
Total net assets - ending	\$ 9,804,189	\$ 10,069,129	\$ 19,873,318	\$ 332,752	-

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2007

	Business-Type Activities			Governmental Activities	
	Enterprise Funds	Sanitary District	Totals	Internal Service Fund	
	Water Utility				
Cash flows from operating activities:					
Receipts from customers and users	\$ 2,627,706	\$ 3,143,106	\$ 5,770,812	\$ -	
Payments to suppliers	(2,168,197)	(2,445,455)	(4,613,652)	(135,962)	
Payments to employees	(694,806)	(748,043)	(1,442,849)	(14,439)	
Other receipts	-	-	-	85,735	
Net cash used by operating activities	(235,297)	(50,392)	(285,689)	(64,666)	
Cash flows from noncapital financing activities:					
Transfers to other funds	(42,837)	(42,837)	(85,674)	-	
Transfers from other funds	-	-	-	85,674	
Temporary loans made	-	-	-	(403,788)	
Temporary loans repaid	-	-	-	403,788	
Net cash provided (used) by noncapital financing activities	(42,837)	(42,837)	(85,674)	85,674	
Cash flows from capital and related financing activities:					
Local tax distributions	79,397	166,504	245,901	-	
Acquisition and construction of capital assets	(197,867)	(1,290,540)	(1,488,407)	-	
Issuance of debt	-	3,534,485	3,534,485	-	
Bond issuance costs	-	(97,473)	(97,473)	-	
Capital contributions from property owners	-	39,053	39,053	-	
Capital contributions	-	16,000	16,000	-	
Principal paid on capital debt	(280,000)	(117,000)	(397,000)	(180,000)	
Interest paid on capital debt	(6,615)	(47,227)	(53,842)	(76,948)	
Net cash provided (used) by capital and related financing activities	(405,085)	2,203,802	1,798,717	(256,948)	
Cash flows from investing activities:					
Proceeds from net investment in direct financing lease	-	-	-	283,461	
Proceeds from operating lease receivable	-	-	-	9,250	
Interest received	82,902	34,070	116,972	17,445	
Net cash provided by investing activities	82,902	34,070	116,972	310,156	
Net increase (decrease) in cash and cash equivalents	(600,317)	2,144,643	1,544,326	74,216	
Cash and cash equivalents, January 1 (Including \$1,977,229 and \$1,054,722 for the Water Utility and Sanitary District, respectively, reported in restricted accounts)	2,141,308	1,511,713	3,653,021	558,783	
Cash and cash equivalents, December 31 (Including \$1,376,761 and \$3,129,245 for the Water Utility and Sanitary District, respectively, reported in restricted accounts)	\$ 1,540,991	\$ 3,656,356	\$ 5,197,347	\$ 632,999	

The notes to the financial statements are an integral part of this statement.

Continued on next page

TOWN OF HIGHLAND, INDIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2007
(Continued)

	Business-Type Activities			Governmental Activities	
	Enterprise Funds	Sanitary District	Totals	Internal Service Fund	
	Water Utility				
Reconciliation of operating income (loss) to net cash used by operating activities:					
Operating income (loss)	\$ (596,047)	\$ (480,587)	\$ (1,076,634)	\$	7,984
Adjustments to reconcile operating income (loss) to net cash used by operating activities:					
Depreciation expense	354,394	504,994	859,388	-	-
Noncash items:					(79,746)
Deferred revenue recognized (increase) decrease in assets:					
Accounts receivable	(5,464)	(3,291)	(8,755)	-	-
Allowance for uncollectible accounts	-	-	-	-	-
Inventories	(81,996)	1,568	(80,428)	-	-
Prepaid items	1,341	1,553	2,894	-	-
Increase (decrease) in liabilities:					
Customer deposits	2,748	-	2,748	-	-
Accounts payable	7,416	(78,881)	(71,465)	6,337	-
Accrued payroll and withholdings payable	(345)	(2,712)	(3,057)	759	-
Tax payable	1,144	-	1,144	-	-
Retainage payable	77,069	-	77,069	-	-
Compensated absence payable	4,443	6,964	11,407	-	-
Total adjustments	360,750	430,195	790,945	(72,650)	-
Net cash used by operating activities	\$ (235,297)	\$ (50,392)	\$ (285,689)	\$	(64,666)
Noncash investing, capital and financing activities:					
Purchase of capital assets on account	\$ 25,089	\$ 25,324	\$	\$	-
Assets capitalized in prior year on account	(11,665)	(49,027)	-	-	-
Accounts payable for bond issuance costs	-	21,560	-	-	-

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2007

<u>Assets</u>	Pension Trust Fund	Agency Funds
Cash and cash equivalents	\$ 56,780	\$ 82,152
Receivables:		
Employer contributions	206,328	-
Interest and dividends	597	50
Total receivables	206,925	50
Investments at fair value:		
Participation in investment pools of other governments	89,193	-
Total assets	352,898	\$ 82,202
<u>Liabilities</u>		
Payroll withholdings payable	-	\$ 47,189
Trust payable	-	35,013
Total liabilities	-	\$ 82,202
<u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits and other purposes	352,898	
Total net assets	\$ 352,898	

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For The Year Ended December 31, 2007

	Pension Trust Fund
<u>Additions</u>	
Contributions:	
Employer	\$ 297,367
On-behalf	451,220
Other	<u>3,358</u>
Total contributions	<u>751,945</u>
Investment income:	
Net increase in fair value of investments	5,735
Interest	<u>6,005</u>
Total investment income	<u>11,740</u>
Total additions	<u>763,685</u>
<u>Deductions</u>	
Benefits	683,918
Administrative expense	<u>1,162</u>
Total deductions	<u>685,080</u>
Changes in net assets	78,605
Net assets - beginning	<u>274,293</u>
Net assets - ending	<u>\$ 352,898</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town of Highland (government) was established under the laws of the State of Indiana. The government operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, health, welfare and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment.

The accompanying financial statements present the activities of the government and its significant component unit. The component unit discussed below is included in the government's reporting entity because of the significance of its operational or financial relationships with the government. The blended component unit, although legally separate entity, is in substance part of the government's operations and exist solely to provide services for the government; data from the unit is combined with data of the government.

Blended Component Unit

The Parks and Recreation Building Corporation is a significant blended component unit of the government. The government appoints a voting majority of the Parks and Recreation Building Corporation's board and a financial benefit/burden relationship exists between the government and the Parks and Recreation Building Corporation. Although it is legally separate from the government, the Parks and Recreation Building Corporation is reported as if it were a part of the government because it provides services entirely or almost entirely to the government. The Parks and Recreation Building Corporation's sole purpose was to finance and construct the government's multi-purpose recreational facility. Complete financial statements of the individual component unit can be obtained from the Town of Highland, Clerk-Treasurer's Office, at 3333 Ridge Road, Highland, Indiana, 46322.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Agency funds, however, report only assets and liabilities. Since they do not report equity (or changes in equity), they have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Proprietary fund types and pension trust funds are reported using the accrual basis of accounting. Under this method, revenues, including contributions received by pension trust funds, are recorded when earned and expenses, including benefits and refunds paid by pension trust funds, are recorded at the time the liabilities are incurred.

Property taxes, franchise fees, licenses and permits and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The parks and recreation fund accounts for the operation of the parks and recreation department including the maintenance of the park system and the operation of recreation and cultural programs.

The government reports the following major proprietary funds:

The water utility fund accounts for the operation of the government's water distribution system.

The sanitary district fund accounts for the operation of the government's wastewater treatment plant, pumping stations and collection systems, as well as the storm water facilities.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the government reports the following fund types:

The internal service funds account for health insurance coverage; for expenditures and resources related to information and communications technology services provided to the executive departments of the municipality and its utilities; and for the Parks and Recreation Building Corporation, a blended component unit of the Town, established for the sole purpose of construction of a recreational facility and leasing such facility.

The pension trust fund accounts for the activities of the 1925 police officer's pension fund which accumulates resources for pension benefit payments.

Agency funds account for assets held by the government as an agent for federal, state and other local governmental entities and payroll deductions.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town and the utilities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statute (IC 5-13-9) authorizes the government to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. Other money market investments are reported at fair value.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the government in June and in December. State statutes (IC 6-1.1-17-16) require the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. Delinquent property taxes outstanding at year end for governmental funds, net of allowances for uncollectible accounts, are recorded as a receivable with an offset to deferred revenue since the amounts are not considered available. For additional information about property tax rates and levies for 2007, see Note V.C.

3. Inventories and Prepaid Items

All inventories are valued at the lower of cost or market using the first in/first out (FIFO) method and consist of maintenance supplies and replacement parts held for consumption. The Town does not record inventories for its governmental funds. The cost is recorded as an expenditure in governmental funds at the time individual inventory items are purchased, and as an expense in proprietary funds at the time individual inventory are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

4. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because their use is limited by applicable bond indentures or governing body action.

5. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ -	N/A	N/A
Construction in progress	-	N/A	N/A
Buildings	5,000	Straight-line	40 years
Improvements other than buildings	5,000	Straight-line	10 to 40 years
Machinery and equipment	5,000	Straight-line	4 to 20 years
Infrastructure and underground	5,000	Straight-line	15 to 50 years

N/A = Not applicable

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

6. Compensated Absences

- a. Vacation Leave – government employees earn vacation leave at rates from 10 days to 25 days per year based upon the number of years of service. Vacation leave is accrued each year and available to employees the following year. Accumulated vacation leave is paid to employees upon separation of employment.
- b. Personal Leave – government employees earn personal leave at the rate of 6 days per year. Unused personal leave may be accumulated to a maximum of 20 days. Accumulated personal leave is paid to employees upon separation of employment.
- c. Compensatory Time Earned – government employees who are nonexempt, nonsalaried, can earn compensatory time at the one and one-half the time for all work performed in excess of 40 hours per week. Unused compensatory time may be accumulated indefinitely and is paid to employees upon separation of employment.

Vacation leave, personal leave, and compensatory time earned are accrued when incurred and reported as a liability in the Statement of Net Assets. Only amounts due and payable at year end are included in the fund statements.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide Statement of Net Assets.

One element of that reconciliation states that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this \$2,195,036 difference are as follows:

Deferred revenue	\$ 445,036
Cooperative receivable	<u>1,750,000</u>
Total	<u>\$ 2,195,036</u>

Another element of that reconciliation states that "Internal service funds are used by management to charge the cost of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets." The details of this \$700,658 difference are as follows:

Cash and cash equivalents	\$ 632,999
Interfund receivable	80,000
Deferred charges	35,810
Accounts payable	(6,337)
Accrued payroll and withholding payable	(759)
Accrued interest payable	(36,167)
Revenue bonds payable, net	<u>(1,406,204)</u>
Total	<u>\$ (700,658)</u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Another area of that reconciliation states that "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$6,494,562 difference are as follows:

General obligation bonds, net	\$ (5,566,328)
Less: deferred charge for issuance costs (to be amortized over the life of the debt)	103,707
Retainage payable	(10,000)
Accrued interest payable	(109,497)
Capital lease obligations	(407,406)
Compensated absences	<u>(505,038)</u>
Total	<u><u>\$ (6,494,562)</u></u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Other Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide Statement of Activities.

One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period." The details of this \$1,129,675 difference are as follows:

Additions in capital assets	\$ 3,590,525
Less:	
Transfers from construction in progress	(1,178,779)
Depreciation expense	<u>(1,282,071)</u>
Total	<u><u>\$ 1,129,675</u></u>

Another element of that reconciliation explains that "The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$480,539 difference are as follows:

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Principal repayment:		
General obligation bonds	\$	599,000
Revenue bonds		180,000
Capital lease obligation		97,506
Amortization:		
Bond issue costs		(30,454)
Bond discount		(834)
Issuance of capital leases		(376,659)
Issuance costs to deferred debits		121,477
Change in accrued interest		<u>(109,497)</u>
Total	\$	<u>480,539</u>

Another element of that reconciliation explains that "Some expenses reported in the Statement of Activities do not required the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$46,326 difference are as follows:

Change in prepaid items	\$	(6,150)
Change in retained payable		(10,000)
Change in compensated absences		<u>(30,176)</u>
Total	\$	<u>(46,326)</u>

III. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis which is not consistent with accounting principles generally accepted in the United States. All annual appropriations lapse at fiscal year end.

On or before August 31, the Town Clerk-Treasurer submits to the Town Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Town Council to obtain taxpayer comments. In September of each year, the Town Council through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the Town Clerk-Treasurer receives approval of the Indiana Department of Local Government Finance.

The government's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Town Council. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Town does not have a deposit policy for custodial credit risk.

At December 31, 2007, the bank balance held at MBIA Asset Management Group in the amount of \$89,431 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-Town's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2007, the Town had the following investments:

Investment Type	Government	Investment Maturities (in Years)			Duration
	Fair Value	Less Than 1	1-2	More Than 2	
U.S. agencies	\$ 57,451	\$ 57,451	\$ -	\$ -	
Pension relief investment pool	62,436	-	-	-	3.60
Totals	<u>\$ 119,887</u>	<u>\$ 57,451</u>	<u>\$ -</u>	<u>\$ -</u>	

Investment Policies

Indiana Code 5-13-9 authorizes the Town to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

funds held by the Town and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise; or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest, in an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the Town may enter into repurchase agreements with depositories designated by the Indiana State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

At the option of the Town, an additional distribution in a prior year of police pension relief funds was held for investment in an external investment pool (Pension Relief Fund) by the Public Employees' Retirement Fund of Indiana (PERF). These deferred amounts invested in the Fund are available to participating cities and towns at their request. The Pension Relief Fund is invested to a target of 70% fixed income debt instruments and 30% domestic stock. The fair value of the Town's investment in the Fund is the same as the value of pool shares. Domestic stock fair value as of December 31, 2007, was \$26,758. Responsibility of regulatory oversight for the pool is assumed by the PERF governing board, under direction by statute to "invest its assets with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims." Utilizing external investment managers, the PERF Board diversifies such investments in accordance with prudent investment standards.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Town's investment policy for custodial credit risk was passed in Ordinance No. 1270 which strictly follows Indiana Code 5-13-9.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town must follow state statute and limit the stated final maturities of the investments to no more than two years. The Town's investment policy for interest rate risk is that any investment made must have a stated final maturity of not more than two years.

Interest rate risk of the Pension Relief Fund's fixed income portfolio, using the duration approach, is 3.6.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The Town's investment policy for credit risk was passed in Ordinance No. 1270 which strictly follows Indiana Code 5-13-9.

Standard and Poor's Rating	Town's Investments			
	Mutual Funds	Corporate Bonds	Government Sponsored Enterprise	Investment Pools
AAA	\$ -	\$ -	\$ -	\$ 99,595
AA	-	-	-	3,496
A	-	-	-	9,990
BBB	-	-	-	6,431
Unrated	-	-	-	375
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,887</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

B. Receivables

The following receivable accounts have timing and credit characteristics different from typical accounts receivable.

Cooperative Receivable

The Town of Highland and the City of Hammond, through their respective Redevelopment Commissions approved an interlocal cooperation agreement on April 3, 2006, to burden share on a Redevelopment Project that involved the recovery, razing, rehabilitation and redevelopment of an under maintained apartment complex in great need of redevelopment. The parcels are located on an area of land that is contiguous to the common borders of Hammond and Highland, along the Little Calumet River and Highland's Redevelopment Area.

The Highland and Hammond Redevelopment Commissions determined that the project had a common and positive impact for both communities. The project was also aligned with the general redevelopment goals and objectives that both communities had for the area. In this context, the Highland Redevelopment Commission consented to participate and burden share with the City of Hammond on the costs of demolition of the apartments. The City of Hammond issued a 23 million-bond issue as its share of the project.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

In July of 2006, the Highland Redevelopment Commission issued special taxing district bonds in the amount of \$1,750,000 to support its share of costs associated with the razing. While treated like a loan, the proceeds were not actually directly lent. Instead, the City of Hammond assigned its demolition contracts to the Town of Highland, which agreed to make progress payments to the contractor up to the capped amount of the bonds.

Further, under the terms of the interlocal agreement, in consideration for this burden sharing, the City of Hammond Redevelopment Commission would repay the Town of Highland the principal amount of its bonds sold to support the project (\$1,750,000) and the actual interest costs which may be incurred after the first 18 months that the debt is in repayment. The source of the repayment would come from the sale of the redeveloped property to a private developer. The Town of Highland's participation in the project was substantially completed by December of 2006. Owing to this, the amount of \$1,750,000 is carried as a receivable from a cooperative redevelopment activity, for the year ended December 31, 2007.

Parks and Recreation Building Corporation Lease

The Parks and Recreation Building Corporation, a blended component unit reported as an internal service fund, has entered into a lease agreement with the government through 2013. The lease term commenced on the later of the day the building was ready for occupancy, or June 30, 1998. The government occupied the building as of October 1998. At the end of the lease period, the land and building become the property of the government. Accordingly, the lease is accounted for as a direct financing lease and will expire in 2013.

The following lists the component of the net investment in direct financing lease as of December 31, 2007:

Total minimum lease payments to be received	\$ 1,411,000
Less: amounts representing estimated executory costs	<u>(46,250)</u>
Minimum lease payment receivable	1,364,750
Less: unearned income	<u>(377,590)</u>
Net investment in direct financing lease	987,160
Less: current portion	<u>(196,226)</u>
Net investment in direct financing lease, less current portion	<u><u>\$ 790,934</u></u>

At December 31, 2007, minimum lease payments are as follows:

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Direct Financing Lease Payments	Operating Lease Payments
2008	\$ 268,000	\$ 9,250
2009	278,000	9,250
2010	281,000	9,250
2011	289,000	9,250
2012	295,000	9,250
Totals	<u>\$ 1,411,000</u>	<u>\$ 46,250</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,528,508	\$ 86,854	\$ -	\$ 2,615,362
Construction in progress	789,014	1,546,728	1,178,779	1,156,963
Total capital assets, not being depreciated	<u>3,317,522</u>	<u>1,633,582</u>	<u>1,178,779</u>	<u>3,772,325</u>
Capital assets, being depreciated:				
Buildings	6,030,658	973,823	79,800	6,924,681
Improvements other than buildings	3,466,409	69,318	49,081	3,486,646
Machinery and equipment	4,257,727	685,875	216,664	4,726,938
Infrastructure and underground	25,428,481	227,927	-	25,656,408
Totals	<u>39,183,275</u>	<u>1,956,943</u>	<u>345,545</u>	<u>40,794,673</u>
Less accumulated depreciation for:				
Buildings	3,901,667	163,933	79,800	3,985,800
Improvements other than buildings	2,543,022	105,822	39,265	2,609,579
Machinery and equipment	3,203,462	281,930	204,832	3,280,560
Infrastructure and underground	12,327,646	730,386	-	13,058,032
Totals	<u>21,975,797</u>	<u>1,282,071</u>	<u>323,897</u>	<u>22,933,971</u>
Total capital assets, being depreciated, net	<u>17,207,478</u>	<u>674,872</u>	<u>21,648</u>	<u>17,860,702</u>
Total governmental activities capital assets, net	<u>\$ 20,525,000</u>	<u>\$ 2,308,454</u>	<u>\$ 1,200,427</u>	<u>\$ 21,633,027</u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 55,477	\$ -	\$ -	\$ 55,477
Construction in progress	117,250	1,071,538	935,934	252,854
Total capital assets, not being depreciated	172,727	1,071,538	935,934	308,331
Capital assets, being depreciated:				
Buildings	1,062,132	-	-	1,062,132
Improvements other than buildings	4,524,843	-	-	4,524,843
Machinery and equipment	1,573,725	402,295	226,884	1,749,136
Infrastructure and underground	28,185,418	940,229	-	29,125,647
Totals	35,346,118	1,342,524	226,884	36,461,758
Less accumulated depreciation for:				
Buildings	607,099	24,544	-	631,643
Improvements other than buildings	1,756,281	111,846	-	1,868,127
Machinery and equipment	1,192,697	86,719	226,884	1,052,532
Infrastructure and underground	13,256,007	636,279	-	13,892,286
Totals	16,812,084	859,388	226,884	17,444,588
Total capital assets, being depreciated, net	18,534,034	483,136	-	19,017,170
Total business-type activities capital assets, net	<u>\$ 18,706,761</u>	<u>\$ 1,554,674</u>	<u>\$ 935,934</u>	<u>\$ 19,325,501</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 27,278
Public safety	255,691
Highway and streets	782,492
Urban redevelopment	1,801
Culture and recreation	214,809
Total depreciation expense - governmental activities	<u>\$ 1,282,071</u>
Business-type activities:	
Water	\$ 354,394
Sanitary District	504,994
Total depreciation expense - business-type activities	<u>\$ 859,388</u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2007</u>	<u>Committed</u>
Governmental funds:			
Kennedy, Ridge, and Little Calumet River Project	\$ 1,015,200	\$ 275,251	\$ -
Recreation Center/Lincoln Center	2,600	2,600	-
Cline/Ridge to 45th	257,400	243,100	254,800
Branton Avenue Reconstruction	988,857	636,012	-
Total governmental activities	<u>\$ 2,264,057</u>	<u>\$ 1,156,963</u>	<u>\$ 254,800</u>
Business-type activities:			
Water Utility:			
Gordon Place/Hook Street Water Main Improvements	\$ 511,819	\$ 17,564	\$ -
Cottage Grove Reconstruction Project	180,173	127,756	-
Sanitary District:			
Wastewater:			
Kennedy, Ridge, and Little Calumet Project	3,263	3,263	-
Georgetown Phase II Project (Wastewater portion)	95,000	16,246	-
Kleinman Road Sanitary Project	9,000	2,084	-
Barton Avenue Reconstruction	99,043	85,941	-
Total business-type activities	<u>\$ 898,298</u>	<u>\$ 252,854</u>	<u>\$ -</u>

Many of the above projects involved expenditures for preliminary engineering work only as of December 31, 2007. Financing has not yet been obtained, nor has the Town entered into any construction contracts.

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2007, is as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Other governmental	Other governmental	\$ 39,000
Internal Service	Parks and Recreation	<u>80,000</u>
Total		<u>\$ 119,000</u>

Interfund balances resulted from the time lag between the dates that interfund loans are repaid.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Interfund transfers for the year ended December 31, 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Other governmental	Other governmental	\$ 69,659
Water Utility	Internal Service	42,837
Sanitary District	Internal Service	<u>42,837</u>
Total		<u>\$ 155,333</u>

The government typically uses transfers to fund ongoing operating subsidies.

F. Leases

1. Operating Leases

The government has entered into various operating leases having initial or remaining non-cancelable terms exceeding one year for copiers. Rental expenditures for these leases were \$6,595. The following is a schedule by years of future minimum rental payments as of December 31, 2007:

	<u>Governmental Activities</u>
2008	\$ 6,582
2009	<u>3,108</u>
Total	<u>\$ 9,690</u>

2. Capital Leases

The government has entered into various capital leases for vehicles and infrastructure. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2007, are as follows:

	<u>Governmental Activities</u>
2008	\$ 113,700
2009	55,230
2010	53,634
2011	47,248
2012	45,652
2013-2017	<u>166,635</u>
Total minimum lease payments	482,099
Less amount representing interest	<u>74,693</u>
Present value of net minimum lease payments	<u>\$ 407,406</u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Assets acquired through capital leases still in effect are as follows:

	<u>Governmental Activities</u>
Machinery and equipment	\$ 525,940
Infrastructure and undergrounds	<u>54,700</u>
Total	<u>580,640</u>
Accumulated depreciation	<u>(48,540)</u>
Total	<u><u>\$ 532,100</u></u>

G. Short-Term Liabilities

Tax Anticipation Warrants

The government issues tax anticipation warrants in advance of property tax collections, depositing the proceeds in the appropriate fund. Tax anticipation warrants are necessary to meet budgeted expenditures prior to the time when tax proceeds are distributed.

Short-term debt activity for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Issued/ Draws</u>	<u>Redeemed/ Repayments</u>	<u>Ending Balance</u>
Tax anticipation warrants	<u>\$ -</u>	<u>\$ 9,441,789</u>	<u>\$ 3,425,000</u>	<u>\$ 6,016,789</u>

H. Long-Term Liabilities

1. General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding at year end are as follows:

Purpose	Original Issue Amount	Interest Rates	Balance December 31	Less: Unamortized (Premium) Discount	Amount
Governmental activities:					
2006 Park District bond	\$ 1,850,000	3.85% to 4.35%	\$ 1,850,000	\$ -	\$ 1,850,000
1998 Redevelopment District bond	1,850,000	4.3% to 4.5%	620,000	-	620,000
2002 Redevelopment District bond	610,000	3.06%	225,000	-	225,000
2006 Redevelopment District bond	1,750,000	6.375% to 6.5%	1,750,000	7,575	1,742,425
1999 Municipal bonds	1,575,000	4.85% to 4.9%	200,000	-	200,000
2005 Municipal bonds	<u>1,091,903</u>	3.1% to 4.0%	<u>928,903</u>	-	<u>928,903</u>
Total governmental activities	<u>\$ 8,726,903</u>		<u>\$ 5,573,903</u>	<u>\$ 7,575</u>	<u>\$ 5,566,328</u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Original Issue Amount	Interest Rates	Balance December 31	Less: Unamortized (Premium) Discount	Amount
Business-type activities:					
2005 Sanitary District bond	\$ 1,175,000	3.1% to 4.0%	\$ 1,000,000	\$ -	\$ 1,000,000
2007A Sanitary District bond	1,469,500	4.25% to 4.5%	1,469,500	(12,083)	1,481,583
2007B Sanitary District bond	2,030,500	4.625% to 5.0%	2,030,500	(22,200)	2,052,700
Total business-type activities	<u>\$ 4,675,000</u>		<u>\$ 4,500,000</u>	<u>\$ (34,283)</u>	<u>\$ 4,534,283</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 979,000	\$ 244,913	\$ 246,000	\$ 391,183
2009	789,000	205,763	375,000	388,496
2010	684,000	172,456	375,000	339,856
2011	469,000	145,321	375,000	297,268
2012	469,000	122,822	375,000	259,166
2013-2017	2,183,903	271,068	1,712,000	715,613
2018-2022	-	-	642,500	175,782
2023-2027	-	-	399,500	39,988
Totals	<u>\$ 5,573,903</u>	<u>\$ 1,162,343</u>	<u>\$ 4,500,000</u>	<u>\$ 2,607,352</u>

2. Revenue Bonds

The government issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

Purpose	Original Issue Amount	Interest Rates	Balance at December 31	Plus Unamortized Premium	Revenue Bonds
Governmental activities:					
1997 Parks and Recreation Holding Corporation bonds	<u>\$ 2,600,000</u>	5.125% to 5.20%	<u>\$ 1,400,000</u>	<u>\$ (6,204)</u>	<u>\$ 1,406,204</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2008	\$ 190,000	\$ 67,466
2009	205,000	57,345
2010	225,000	46,326
2011	240,000	34,320
2012	260,000	21,320
2013-2017	280,000	7,280
Totals	<u>\$ 1,400,000</u>	<u>\$ 234,057</u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 6,172,903	\$ -	\$ 599,000	\$ 5,573,903	\$ 979,000
Less deferred bond discount	(8,409)	-	(834)	(7,575)	-
Revenue	1,580,000	-	180,000	1,400,000	190,000
Add deferred bond premium	7,001	-	797	6,204	-
Total bonds payable	7,751,495	-	778,963	6,972,532	1,169,000
Capital leases	128,253	376,659	97,506	407,406	96,882
Compensated absences	474,862	331,288	301,112	505,038	349,781
Net pension obligation	5,404,597	-	18,587	5,386,010	-
Total governmental activities long-term liabilities	<u>\$ 13,759,207</u>	<u>\$ 707,947</u>	<u>\$ 1,196,168</u>	<u>\$ 13,270,986</u>	<u>\$ 1,615,663</u>
Business-type activities:					
Water Utility:					
Bonds payable:					
General obligation	\$ 280,000	\$ -	\$ 280,000	\$ -	\$ -
Less deferred bond discount	(127)	-	(127)	-	-
Total bonds payable	279,873	-	279,873	-	-
Compensated absences	41,535	30,957	26,514	45,978	36,490
Total Water Utility long-term liabilities	<u>321,408</u>	<u>30,957</u>	<u>306,387</u>	<u>45,978</u>	<u>36,490</u>
Sanitary District:					
Bonds payable:					
General obligation	1,117,000	3,500,000	117,000	4,500,000	246,000
Add deferred bond premium	-	34,485	202	34,283	-
Total bonds payable	1,117,000	3,534,485	117,202	4,534,283	246,000
Compensated absences	50,888	39,159	32,195	57,852	44,008
Total Sanitary District long-term liabilities	<u>1,167,888</u>	<u>3,573,644</u>	<u>149,397</u>	<u>4,592,135</u>	<u>290,008</u>
Total business-type activities long-term liabilities	<u>\$ 1,489,296</u>	<u>\$ 3,604,601</u>	<u>\$ 455,784</u>	<u>\$ 4,638,113</u>	<u>\$ 326,498</u>

Compensated absences and the net pension obligation for governmental activities typically have been liquidated from the General, Motor Vehicle Highway, and Parks and Recreation Funds.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

I. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

Customer deposits	\$ 116,984
Improvement account	3,717,728
Bond and interest account	41,194
Extension account	79,641
Reserve account	539,740
Co-op account	10,719
Interest receivable	935
Taxes receivable	75,345
Inventories	<u>92,088</u>
 Total restricted assets	 <u><u>\$ 4,674,374</u></u>

J. Net Assets

On the government wide Statement of Net Assets, the government reports a category titled Invested in capital assets, net of related debt. The composition of the balance as of December 31, 2007, is as follows:

	<u>Amount</u>
Governmental activities:	
Capital assets	\$ 44,566,998
Less:	
Accumulated depreciation	(22,933,971)
Outstanding principal of related debt:	
General obligation bonds:	
2006 Park District bond	(1,850,000)
Add: Unspent proceeds	589,407
1998 Redevelopment District bond	(620,000)
2002 Redevelopment District bond	(225,000)
1999 Municipal bonds	(200,000)
2005 Municipal bonds	(928,903)
Revenue bond	(1,400,000)
Capital lease obligations	<u>(407,406)</u>
 Total invested in capital assets, net of related debt	 <u><u>\$ 16,591,125</u></u>
 Business-type activities:	
Capital assets	\$ 36,770,089
Less:	
Accumulated depreciation	(17,444,588)
Outstanding principal of related debt:	
General obligation bonds:	
2005 Sanitary District bond	(1,000,000)
2007A Sanitary District bond	(1,469,500)
2007B Sanitary District bond	<u>(2,030,500)</u>
 Total invested in capital assets, net of related debt	 <u><u>\$ 14,825,501</u></u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

V. Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Group Health Insurance

Prior to October 1, 2000, the Town's Health Insurance Fund, an internal service fund, serviced the risk of loss related to employee health claims. The Town Council passed a resolution allowing this fund to stay open indefinitely.

No claims have been incurred or paid in the past two years and during 2008 the balance was transferred to a newly established Rainy Day Fund.

Worker's Compensation

During 1990, the government joined together with other governmental entities to form the Indiana Public Employer's Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of worker's compensation claims. The government pays an annual premium to the risk pool for its worker's compensation coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Business-Type Capital Assets

The following is a breakdown of the business-type funds capital assets by utility:

	Beginning Balance	Increases	Decreases	Ending Balance
Business activities:				
Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 17,661	\$ -	\$ -	\$ 17,661
Construction in progress	59,461	151,927	66,068	145,320
Total capital assets, not being depreciated	77,122	151,927	66,068	162,981

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business activities (continued):				
Water Utility (continued):				
Capital assets, being depreciated:				
Buildings	1,062,132	-	-	1,062,132
Improvements other than buildings	3,957,279	-	-	3,957,279
Machinery and equipment	485,872	59,364	32,841	512,395
Infrastructure and underground	9,767,708	66,068	-	9,833,776
Totals	15,272,991	125,432	32,841	15,365,582
Less accumulated depreciation for:				
Buildings	607,099	24,544	-	631,643
Improvements other than buildings	1,520,195	89,122	-	1,609,317
Machinery and equipment	383,316	26,394	32,841	376,869
Infrastructure and underground	4,249,735	214,334	-	4,464,069
Totals	6,760,345	354,394	32,841	7,081,898
Total capital assets, being depreciated, net	8,512,646	(228,962)	-	8,283,684
Total Water Utility capital assets, net	<u>\$ 8,589,768</u>	<u>\$ (77,035)</u>	<u>\$ 66,068</u>	<u>\$ 8,446,665</u>
Business-type activities:				
Sanitary District:				
Wastewater utility:				
Capital assets, not being depreciated:				
Land	\$ 37,816	\$ -	\$ -	\$ 37,816
Construction in progress	57,789	919,611	869,866	107,534
Total capital assets, not being depreciated	95,605	919,611	869,866	145,350
Capital assets, being depreciated:				
Improvements other than buildings	567,564	-	-	567,564
Machinery and equipment	1,039,006	342,931	169,641	1,212,296
Infrastructure and underground	8,569,069	874,161	-	9,443,230
Totals	10,175,639	1,217,092	169,641	11,223,090
Less accumulated depreciation for:				
Improvements other than buildings	236,086	22,724	-	258,810
Machinery and equipment	761,017	60,264	169,641	651,640
Infrastructure and underground	3,961,904	185,334	-	4,147,238
Totals	4,959,007	268,322	169,641	5,057,688
Total capital assets, being depreciated, net	5,216,632	948,770	-	6,165,402
Total Wastewater Utility capital assets, net	<u>\$ 5,312,237</u>	<u>\$ 1,868,381</u>	<u>\$ 869,866</u>	<u>\$ 6,310,752</u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Sanitary District:				
Storm Water:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 48,847	\$ -	\$ 24,402	\$ 24,445
Infrastructure and underground	9,848,641	-	-	9,848,641
Totals	9,897,488	-	24,402	9,873,086
Less accumulated depreciation for:				
Machinery and equipment	48,364	61	24,402	24,023
Infrastructure and underground	5,044,368	236,611	-	5,280,979
Totals	5,092,732	236,672	24,402	5,305,002
Total capital assets, being depreciated, net	4,804,756	(236,672)	-	4,568,084
Total Storm Water capital assets, net	<u>\$ 4,804,756</u>	<u>\$ (236,672)</u>	<u>\$ -</u>	<u>\$ 4,568,084</u>

C. Subsequent Events

Due to delays caused by trending of assessments, the assessed valuations of Lake County have not been finalized. Therefore, the 2007 pay 2008 property tax rates and levies, as well as related budget orders for 2008, have not yet been established as of May 9, 2008.

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes first due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

D. Postemployment Benefits

The government provides postemployment life insurance benefits, as authorized by Indiana Coe 5-10-8, to all employees who retire from the government on or after attaining age 55 with at least 20 years of service. Currently, three retirees meet these eligibility requirements. The government and retirees each provide 50% of these postemployment benefits. Expenditures for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2007, expenditures of \$109 were recognized for life insurance postemployment benefits.

The government provides severance pay for all regular employees hired before January 1, 1998, who have completed at least ten years of continuous full-time employment and who have attained 62 years of age from two weeks to four weeks depending on years of service. All regular full-time employees, regardless of date of hire or age, who have completed at least 10 years of full-time continuous employment are entitled to receive four weeks' severance for 20 years of service.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Currently, 26 employees meet these eligibility requirements. The government provides 100% of these postemployment benefits. Expenditures for these postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2007, expenditures of \$4,022 were recognized for severance pay.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The government contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the government authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The government's annual pension cost and related information, as provided by the actuary, is presented in this note. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan.

Information to segregate the assets/liabilities and the actuarial study figures between the government and the Utilities is not available. Therefore, the liability for Net Pension Obligation (NPO) is considered an obligation of the government and is presented in the governmental activities of the Statement of Net Assets and is not presented as an asset/liability of the business-type activities.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

b. 1925 Police Officers' Pension Plan

Plan Description

The government contributes to the 1925 Police Officers' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. Administrative costs of the plan are included in the annual operating budget of the fund. As provided by state statute, all administrative costs are paid from the fund. The Net Pension Obligation (NPO) is considered an obligation of the Town as a whole and is reflected in the Statement of Net Assets. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan. On-behalf contributions from the State of Indiana as shown in the financial statements approximate an equal amount paid out for benefits.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>
Annual required contribution	\$ 180,367	\$ 749,500
Interest on net pension obligation	3,381	322,000
Adjustment to annual required contribution	<u>(3,853)</u>	<u>(400,200)</u>
Annual pension cost	179,895	671,300
Contributions made	<u>164,675</u>	<u>713,407</u>
Increase (decrease) in net pension obligation	15,220	(42,107)
Net pension obligation, beginning of year	<u>46,631</u>	<u>5,366,266</u>
Net pension obligation, end of year	<u>\$ 61,851</u>	<u>\$ 5,324,159</u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	1925 Police Officers' Pension
Contribution rates:		
Town	6.25%	N/A
Plan members	3%	6%
Actuarial valuation date	07-01-07	01-01-07
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital

N/A = Not applicable

Actuarial Assumptions	PERF	1925 Police Officers' Pension
Investment rate of return	7.25%	6%
Projected future salary increases:		
Total	5%	4%
Attributed to inflation	4%	4%
Attributed to merit/seniority	1%	0%
Cost-of-living adjustments	2%	2.75/4%*

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 132,071	104%	\$ 29,547
	06-30-06	164,083	90%	46,631
	06-30-07	179,895	92%	61,851
1925 Police Officers' Pension Plan	12-31-04	1,102,000	40%	5,132,679
	12-31-05	1,106,400	57%	**5,366,266
	12-31-06	765,500	71%	5,324,159

**See Note III of Notes to Required Supplementary Information.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Membership in the 1925 Police Officers' Pension Plan at January 1, 2007, was comprised of the following:

	<u>1925 Police Officers' Pension</u>
Retires and beneficiaries currently receiving benefits	24
Terminated employees entitled to but not yet receiving benefits	-
Current active employees	-

Statement of Fiduciary Net Assets:

<u>Assets:</u>	<u>1925 Police Officers' Pension</u>
Cash and cash equivalents	\$ 56,780
Receivables:	
Employer contributions	206,328
Interest and dividends	<u>597</u>
Total receivables	<u>206,925</u>
Investments at fair value:	
Participation in investment pools of other governments	<u>89,193</u>
Total assets	<u>352,898</u>
Net assets:	
Held in trust for:	
Employees' pension benefit	<u>352,898</u>
Total net assets	<u>\$ 352,898</u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Statement of Changes in Fiduciary Net Assets:

<u>Additions:</u>	<u>1925 Police Officers' Pension</u>
Contributions:	
Employer	\$ 297,367
On-behalf	451,220
Other	<u>3,358</u>
Total contributions	<u>751,945</u>
Investment income:	
Net Increase in fair value of investments	5,735
Interest	<u>6,005</u>
Total investment income	<u>11,740</u>
Total additions	<u>763,685</u>
<u>Deductions:</u>	
Benefits	683,918
Administrative expense	<u>1,162</u>
Total deductions	<u>685,080</u>
Change in net assets	78,605
Net assets - beginning	<u>274,293</u>
Net assets - ending	<u><u>\$ 352,898</u></u>

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The government contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the government are established by the Board of Trustees of PERF. The government's contributions to the plan for the years ending December 31, 2007, 2006, and 2005, were \$420,965, \$440,184, and \$426,429, respectively, equal to the required contributions for each year.

TOWN OF HIGHLAND, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 2,611,529	\$ 3,255,184	\$ (643,655)	80%	\$ 2,285,379	(28%)
07-01-06	2,906,531	3,438,425	(531,894)	85%	2,489,408	(21%)
07-01-07	3,363,691	3,970,127	(606,436)	85%	2,626,627	(23%)

1925 Police Officers' Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-02	\$ 522,026	\$ 11,345,900	\$ (10,823,874)	5%	\$ 90,400	(11,973%)
01-01-03	578,608	10,819,400	(10,240,792)	5%	138,000	(7,421%)
01-01-04	437,080	11,532,700	(11,095,620)	4%	94,200	(11,779%)
01-01-05	503,374	11,417,600	(10,914,226)	4%	97,800	(11,160%)
01-01-06	298,251	11,079,900	(10,780,649)	3%	51,300	(21,015%)
01-01-07	274,293	10,341,800	(10,067,507)	3%	-	No Covered Payroll

The accompanying Notes to Required Supplementary Information are an integral part of the required supplementary information.

TOWN OF HIGHLAND, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CONTRIBUTIONS FROM THE
EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan				
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed		State
		City		
12-31-01	\$ 1,281,200	16%		31%
12-31-02	1,207,400	17%		36%
12-31-03	1,282,400	11%		23%
12-31-04	1,341,400	20%		27%
12-31-05	805,000	17%		49%
12-31-06	749,500	31%		64%

The accompanying Notes to Required Supplementary information are an integral part of the required supplementary information.

TOWN OF HIGHLAND, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2007

	General Fund				Variance with Final Budget Over (Under)
	Budget Amounts		Actual		
	Original	Final			
Revenues:					
Taxes					
Licenses and permits	\$ 4,722,484	\$ 4,722,484	\$ 1,839,160	\$ (2,883,324)	
Intergovernmental	396,524	396,524	396,601	77	
Charges for services	514,955	514,955	846,513	331,558	
Fines and forfeits	1,549,263	1,549,263	1,687,118	137,855	
Other	49,000	49,000	72,491	23,491	
	68,000	68,000	205,319	137,319	
Total revenues	7,300,226	7,300,226	5,047,202	(2,253,024)	
Expenditures:					
Current:					
General government:					
Clerk-Treasurer:					
Personal services	98,195	96,270	94,945	1,325	
Supplies	2,372	2,372	2,284	88	
Other services and charges	53,680	54,135	46,237	7,898	
Town Council:					
Personal services	90,314	90,383	84,953	5,430	
Supplies	400	500	470	30	
Other services and charges	238,656	168,523	160,734	7,789	
Board of Zoning:					
Personal services	3,359	3,359	3,143	216	
Supplies	150	150	126	24	
Other services and charges	8,520	8,053	4,947	3,106	
Building and Inspection:					
Personal services	166,277	192,160	176,968	15,192	
Supplies	10,135	8,452	8,403	49	
Other services and charges	30,393	44,608	25,479	19,129	
Plan Commission:					
Personal services	2,842	2,842	2,707	135	
Supplies	275	275	226	49	
Other services and charges	22,920	22,342	15,892	6,450	
Board of Works:					
Other services and charges	725,345	742,736	568,915	173,821	
Capital outlay	-	50,691	50,691	-	
Town Hall Monument:					
Supplies	3,800	3,800	3,030	770	
Other services and charges	56,182	51,566	43,454	8,112	
Town Manager:					
Personal services	33,846	32,653	32,114	539	
Supplies	400	400	264	136	
Other services and charges	7,950	7,380	2,515	4,865	
Total general government	1,556,011	1,583,650	1,328,497	255,153	

The accompanying Notes to Required Supplementary Information are an integral part of the required supplementary information.

Continued on next page

TOWN OF HIGHLAND, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2007
(Continued)

	General Fund			Variance with Final Budget Over (Under)
	Budget Amounts		Actual	
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public safety:				
Volunteers in Police Service:				
Personal services	4,512	3,048	2,051	997
Supplies	11,100	18,375	17,448	927
Capital outlay	1,350	5,850	4,970	880
Emergency Medical Services:				
Personal services	10,902	9,835	7,480	2,355
Supplies	4,524	3,682	3,661	21
Other services and charges	10,360	9,401	6,988	2,413
Fire Department:				
Personal services	210,406	191,541	187,169	4,372
Supplies	26,921	19,376	19,338	38
Other services and charges	70,257	57,095	54,546	2,549
Capital outlay	46,942	8,196	8,134	62
Police Department:				
Personal services	3,282,083	3,104,252	3,057,271	46,981
Supplies	151,131	140,972	132,536	8,436
Other services and charges	654,563	652,040	581,863	70,177
Capital outlay	3,490	3,420	3,420	-
Total public safety	4,488,541	4,227,083	4,086,875	140,208
Sanitation:				
Sanitation and Streets:				
Personal services	289,605	285,028	284,866	162
Supplies	22,598	22,598	22,481	117
Other services and charges	1,272,685	1,163,986	1,162,906	1,080
Total sanitation	1,584,888	1,471,612	1,470,253	1,359
Unappropriated	-	-	35,231	(35,231)
Total expenditures	7,629,440	7,282,345	6,920,856	361,489
Other financing sources (uses):				
Tax anticipation warrants received	-	-	6,600,000	6,600,000
Tax anticipation warrants repaid	-	-	(2,700,000)	2,700,000
Total other financing sources (uses)	-	-	3,900,000	9,300,000
Net change in fund balance	(329,214)	17,881	2,026,346	6,685,487
Fund balances - beginning	-	-	526,863	526,863
Fund balances - December 31	<u>\$ (329,214)</u>	<u>\$ 17,881</u>	<u>\$ 2,553,209</u>	<u>\$ 7,212,350</u>

The accompanying Notes to Required Supplementary Information are an integral part of the required supplementary information.

Continued on next page

TOWN OF HIGHLAND, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2007
(Continued)

	Parks and Recreation			Variance with
				Final Budget
				Over
				(Under)
	Budget Amounts			
	Original	Final	Actual	
Revenues:				
Taxes	\$ 1,055,414	\$ 1,055,414	\$ 384,209	\$ (671,205)
Intergovernmental	84,690	84,690	133,182	48,492
Charges for services	576,000	576,000	520,541	(55,459)
Other	182,200	182,200	265,774	83,574
Total revenues	1,898,304	1,898,304	1,303,706	(594,598)
Expenditures:				
Current:				
Culture and recreation:				
Personal services	862,157	818,539	799,204	19,335
Supplies	120,809	116,066	114,711	1,355
Other services and charges	882,916	889,632	860,684	28,948
Total expenditures	1,865,882	1,824,237	1,774,599	49,638
Other financing sources (uses):				
Temporary loans received	-	-	1,600,000	(1,600,000)
Tax anticipation warrants repaid	-	-	(725,000)	725,000
Total other financing sources (uses)	-	-	875,000	(875,000)
Net change in fund balance	32,422	74,067	404,107	(1,519,236)
Fund balances - beginning	-	-	29,648	29,648
Fund balances - December 31	\$ 32,422	\$ 74,067	\$ 433,755	\$ (1,489,588)

The accompanying Notes to Required Supplementary Information are an integral part of the required supplementary information.

TOWN OF HIGHLAND, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2007

Note I. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

- A. After conferring with the Town Council President and several department heads, the Town Clerk-Treasurer submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Prior to adoption, the Town advertises the budget and the Town Council holds public hearings to obtain taxpayer comments. The Town Council may reduce, but not increase the budget from the advertised amounts.
- C. No later than September 20th of each year, the budget for the next year is approved by the Town Council through the passage of an ordinance.
- D. Copies of the budget ordinance and advertisements for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance for their review and approval. The budget becomes legally enacted after the Town Clerk-Treasurer receives approval from the Indiana Department of Local Government Finance. This approval is required by Indiana Statute and ad valorem property tax rates are to be set by February 15th of the year budgeted. The budget ordinance as approved by the Indiana Department of Local Government Finance becomes the Town's expenditures budget. The Town's maximum tax levy is restricted by Indiana Law, with certain adjustments and exceptions. If the advertised budget, for funds for which property taxes are levied or for which highway use taxes are received, exceeds the spending and tax limits of the state control laws, an excess levy can be granted by the Indiana Department of Local Government Finance, upon appeal by the Town.
- E. The legal level of budgetary control (the level at which expenditures may not exceed appropriations without the governing body's approval) is by object classification for all funds except for the General Fund, which is by object classification within each department. The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Town Council. Any revisions that alter the total appropriations for any fund or any department of the General Fund must be approved by the Town Council and, in some instances, by the Indiana Department of Local Government Finance.
- F. Formal budgetary integration is required by State statute and is employed as a management control device. An annual budget was legally adopted for the following funds:

Major funds:
General Fund

Special revenue fund:
Parks and Recreation

TOWN OF HIGHLAND, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2007
(Continued)

Nonmajor funds:

Special revenue funds:

Motor Vehicle Highway, Local Road and Street, Law Enforcement Continuing Education, Innkeepers Tax, Solid Waste Grant Fund, Shared Ethics Initiative Fund, Redevelopment General, Park Nonreverting Operating, Special Events Nonreverting Fund

Debt service funds:

Corporation Bond and Interest, Parks and Recreation Bond and Interest, Redevelopment Bond and Interest

Capital projects funds:

Cumulative Capital Improvement, Cumulative Capital Development, Local Major Moves, General Improvement Fund, Municipal Cumulative Street, Gaming Revenue Sharing, Corporation Capital, Park Nonreverting Capital, Redevelopment Capital

- G. The Town's budgetary process is based upon cash outflows, which is a Non-GAAP basis. Appropriations lapse with the expiration of the budgetary period unless encumbered by a purchase order or contract. Encumbered appropriations are carried over and added to the subsequent year's budget.
- H. Budgeted amounts are as originally adopted, or as amended by the Town Council and approved by the Indiana Department of Local Government Finance in the regular legal manner. The net effect of individual amendments to the budget increased the original appropriations by \$160,537 in 2007.
- I. Expenditures did not exceed appropriations for any funds or any departments within the General Fund which required legally approved budgets.

Note II. Budgetary to GAAP reconciliation

The major differences between Budgetary (Non-GAAP) basis and GAAP basis are:

- A. Revenue are recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP).
- B. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP).
- C. Tax anticipation warrants are treated as cash financing sources and uses (budgetary), but are reported only on the balance sheet of the fund statements (GAAP).

TOWN OF HIGHLAND, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2007
(Continued)

	<u>General</u>	<u>Parks and Recreation</u>
Net change in fund balance (budgetary basis)	\$ 2,026,346	\$ 404,107
Adjustments:		
To adjust revenues for accruals	2,584,280	618,218
To adjust expenditures for accruals	(80,905)	(5,862)
To adjust for tax anticipation warrants	<u>(3,900,000)</u>	<u>(875,000)</u>
Net change in fund balance (GAAP basis)	<u>\$ 629,721</u>	<u>\$ 141,463</u>

Note III. 1925 Police Officers' Pension Plan

The amount of net pension obligation calculated by the actuary at January 1, 2006, contained an error. The amount reported at December 31, 2006, increased by \$8,300.

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**Governmental
Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue	Funds which account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specific purposes.
Debt Service	Funds which account for the accumulation of resources for and the payment of long-term debt principal and interest.
Capital Project	Funds which account for the financial resources to be used for the acquisition or construction of major capital facilities and the payment of long-term debt principal, interest, and related costs incurred to acquire or construct major capital facilities (other than those financed by Proprietary Funds).

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

<u>Assets</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 127,077	\$ -	\$ -	\$ 127,077
Receivables (net of allowances for uncollectibles):				
Interest				
Taxes	597	-	-	597
Intergovernmental	86,789	-	-	86,789
Interfund receivable:	926	-	-	926
Interfund loans	-	-	-	-
Restricted assets:				
Cash and cash equivalents			39,000	39,000
Interest receivable	1,113,068	1,517,731	2,587,655	5,218,454
Taxes receivable	369	-	598	967
Accounts receivable	-	1,088,805	396,466	1,485,271
Intergovernmental receivable	985	-	-	985
Special assessments receivable	139,849	11,613	40,265	191,727
	-	-	6,828	6,828
Total assets	\$ 1,469,660	\$ 2,618,149	\$ 3,070,812	\$ 7,158,621
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 2,234	\$ -	\$ -	\$ 2,234
Accrued payroll and withholdings payable	2,175	-	-	2,175
Interfund payable:				
Interfund loans	39,000	-	-	39,000
Deferred revenue	6,276	-	-	6,276
Tax anticipation warrants payable	-	1,241,789	-	1,241,789
Payable from restricted assets:				
Accounts payable	84,478	-	55,625	140,103
Accrued payroll and withholdings payable	26,833	-	-	26,833
Contracts payable	62,486	-	28,460	90,946
Retainage payable	54,244	-	5,421	59,665
Deferred revenue	-	78,732	42,795	121,527
Total liabilities	277,726	1,320,521	132,301	1,730,548
Fund balances:				
Reserved for:				
Encumbrances	222,258	-	368,326	590,584
Unreserved, reported in:				
Special revenue funds	969,676	-	-	969,676
Capital projects funds	-	-	2,570,185	2,570,185
Debt service funds	-	1,297,628	-	1,297,628
Total fund balances	1,191,934	1,297,628	2,938,511	5,428,073
Total liabilities and fund balances	\$ 1,469,660	\$ 2,618,149	\$ 3,070,812	\$ 7,158,621

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Revenues:				
Taxes:				
Property	\$ 129,592	\$ 1,428,245	\$ 521,489	\$ 2,079,326
Special assessments	-	-	33,249	33,249
Licenses and permits	7,690	-	-	7,690
Intergovernmental	1,350,438	129,277	356,760	1,836,475
Charges for services	82,668	-	-	82,668
Fines and forfeits	2,888	-	-	2,888
Other	98,347	687	163,817	262,851
Total revenues	<u>1,671,623</u>	<u>1,558,209</u>	<u>1,075,315</u>	<u>4,305,147</u>
Expenditures:				
Current:				
Public safety	115,953	-	-	115,953
Highways and streets	1,155,597	-	-	1,155,597
Sanitation	209,969	-	-	209,969
Culture and recreation	66,435	-	-	66,435
Urban redevelopment	131,631	-	-	131,631
Debt service:				
Principal	-	779,000	-	779,000
Interest	-	367,198	-	367,198
Capital outlay:				
General government	-	-	590,929	590,929
Highways and streets	-	-	1,119,266	1,119,266
Culture and recreation	-	-	1,092,871	1,092,871
Urban redevelopment	-	-	29,949	29,949
Total expenditures	<u>1,679,585</u>	<u>1,146,198</u>	<u>2,833,015</u>	<u>5,658,798</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,962)</u>	<u>412,011</u>	<u>(1,757,700)</u>	<u>(1,353,651)</u>
Other financing sources (uses):				
Transfers in	4,659	65,000	-	69,659
Transfers out	(54,659)	-	(15,000)	(69,659)
Capital lease proceeds	-	-	376,659	376,659
Total other financing sources (uses)	<u>(50,000)</u>	<u>65,000</u>	<u>361,659</u>	<u>376,659</u>
Net change in fund balances	<u>(57,962)</u>	<u>477,011</u>	<u>(1,396,041)</u>	<u>(976,992)</u>
Fund balances - beginning	<u>1,249,896</u>	<u>820,617</u>	<u>4,334,552</u>	<u>6,405,065</u>
Fund balances - ending	<u>\$ 1,191,934</u>	<u>\$ 1,297,628</u>	<u>\$ 2,938,511</u>	<u>\$ 5,428,073</u>

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**Special Revenue
Funds**

NONMAJOR SPECIAL REVENUE FUNDS

Motor Vehicle Highway -	To account for the construction and maintenance of streets, alleys and the operations of the street maintenance activities of the public works department. Resources are derived from state motor vehicle (gasoline tax) distributions. (Confer IC 8-14-1-5 et seq.)
Local Road and Street -	To account for the operation and maintenance of the local road and street systems. Resources are derived from state gasoline tax distributions. (Confer IC 8-14-2-5)
Unsafe Building -	To account for expenditures and resources received for the programs of the Town related to operation and enforcement of the state unsafe building law. Resources are derived from settlements, bonds posted, money received in satisfaction of receivers' notes or money received for payment or settlement of civil penalties. (Confer IC 36-7-9 et seq.)
Park Donation -	To account for monies provided by private donors for parks and recreation purposes.
Federal Forfeited and Seized Assets -	To account for expenditures by the Metropolitan Police Department related to drug enforcement and other approved law enforcement purposes. Resources are derived from distributions from the Federal Government of confiscated assets, seized from illegal drug or other unlawful activities, gathered from cooperative law enforcement operations with Federal and law enforcement agencies.
Law Enforcement Continuing Education -	To account for expenditures related to continuing education of law enforcement officers employed by the Metropolitan Police Department as well as law enforcement equipment and supplies. Resources are derived from special fees collected from enforcement incidents, gun permit applications, accident reports and vehicle inspection. (Confer IC 5-2-8-6; IC 9-29-4-1; IC 9-29-11-1(a); IC 35-47-2-3)
Hazardous Materials Response -	To account for expenditures related to emergency response activities carried out by the Highland Fire Department in consequence of hazardous materials incidents. Resources may be used for training, equipment and supplies acquisition that are required in consequence of hazardous materials incidents. Resources are derived from fees imposed upon hazardous materials actors, donations, or gifts and from interest earned from lawful investments. (Confer IC 36-8-12.2-8.1 et seq.)
Innkeepers Tax -	To account for expenditures of the Town related to economic development projects or purposes. Resources are derived from distributions from a county tax imposed upon Inns, Lodges, Hotels and Motels. (Confer IC 6-9-2 et seq.)

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

Solid Waste Grant Fund -	To account for expenditures of the Town related to programs of the municipality that are consistent with the terms of the Lake County Solid Waste District Management Twenty-Year Plan, and to support the on-going integrated, community based solid waste management program. Resources are derived from grant distributions from a county solid waste management special taxing district tax. (Confer IC 13-9.5 et seq.)
Donation -	To account for monies provided by private donors.
Highway of Flags Donation -	To account for moneys provided by private donors, including an original gift from the Council for the Encouragement of Patriotism, benefiting the Highway of Flags Veterans' Monument, located on the southeast corner of the intersection of Ridge Road and Indianapolis Boulevard (US Highway 41).
Fire Department Homeland Security Grant -	To account for expenditures related to special enhanced training and acquisition of emergency equipment under the aegis of the municipal Fire Department according to the terms of a special grant awarded for this particular purpose. Resources are derived from a special grant awarded by the Federal Emergency Management Agency of the United States Homeland Security Department.
Shared Ethics Initiative Fund -	To account for expenditures and resources received in consequence of an interlocal cooperation agreement between several municipalities to support cooperative activities, training and instruction related to ethics and standards for elected and appointed officers as well as employees. Resources are derived from participating municipalities' annual fees, special charges that may be fixed from time to time, and interest earned on fund balance.
Traffic and Children Safety Grant Fund -	To account for expenditures related to special safety programs and activities carried out by the Metropolitan Police Department involving installation of child safety seats, special traffic enforcement initiatives involving seat belt law compliance to operating without impairment and pedestrian safety initiatives. Resources for this fund are derived from grants, awards or prizes that are given in support and in consequence of law enforcement efforts or programs for traffic control, traffic safety, child safety, pedestrian safety, passenger safety and related programs; or that are given in support and in consequence of law enforcement efforts for sobriety enforcement, provided such moneys are not required to be accounted for in another fund; or that are given in support and consequence of law enforcement efforts under such programs as the Indiana Automotive Safety Program, the Safe Kids Project and which support the establishment of Car Seat Fitting Station; and from investment yields.
Law Enforcement Block Grant -	To account for expenditures by the Metropolitan Police Department related to law enforcement and implementation of Bicycle Police Patrols. Resources are derived from distributions from a United States Department of Justice Local Law Enforcement Block Grant.

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

Redevelopment General -	To account for the operation and redevelopment activities of the Department of Redevelopment and the Redevelopment Commission. Resources are derived from a specific annual property tax levy and miscellaneous revenues. (Confer IC 36-7-14 et seq.)
Park Nonreverting Operating -	To account for expenditures and resources received in support of special events and community activities not otherwise accounted for in the Park and Recreation Fund, and established pursuant to Indiana Code 36-10-3-22. Resources are derived from special user fees and charges authorized by the Park and Recreation Board.
Safe Neighborhood Grant -	To account for expenditures related to special safety programs and activities carried out by the Metropolitan Police Department that support and extend safe neighborhoods according to the terms of a special grant awarded for these particular purposes. Resources are derived from a special grant awarded by the United States Department of Justice through the Indiana Criminal Justice Institute.
Fire Computer Grant Fund -	To account for expenditures related to the purchase of computer equipment and software carried out by the Fire Department according to the terms of a special grant awarded for this particular purpose. Resources are derived from a special grant award.
Special Events Nonreverting Fund -	To account for expenditures and resources received in support of special community or cultural events activities not otherwise accounted for in the Park and Recreation Fund, administered by the Special Events Advisory Committee, an established pursuant to Indiana Code 36-10-2 and Indiana Code 36-1-3. Resources are derived from special user fees, rentals, and charges authorized by the Town Council.
Local Forfeited and Seized Assets Fund	To accounts for expenditures and resources received in consequence of special law enforcement activities. Similar to the Federal Forfeited and Seized Assets Fund, resources are derived from distributions and liquidations of confiscated assets, seized from illegal or unlawful activities, gathered in consequence of state or local cooperative law enforcement operations unrelated to Federal law enforcement activities.

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2007

Assets	Motor Vehicle Highway	Local Road and Street	Unsafe Building	Park Donation	Federal Forfeited and Seized Assets	Law Enforcement Continuing Education	Hazardous Materials Response
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 5,669	\$ -	\$ -	\$ -
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	717,271	183,925	-	-	42,556	34,857	2,937
Interest receivable	337	-	-	-	32	-	-
Accounts receivable	-	-	-	-	-	985	-
Intergovernmental receivable	93,707	45,218	-	-	-	924	-
Total assets	\$ 811,315	\$ 229,143	\$ -	\$ 5,669	\$ 42,588	\$ 36,766	\$ 2,937
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Interfund payable:							
Interfund loans	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Payable from restricted assets:							
Accounts payable	73,700	130	-	-	-	888	-
Accrued payroll and withholdings payable	26,833	-	-	-	-	-	-
Contracts payable	62,486	-	-	-	-	-	-
Retainage payable	54,244	-	-	-	-	-	-
Total liabilities	217,263	130	-	-	-	888	-
Fund balances:							
Reserved for:							
Encumbrances	200,274	-	-	-	-	726	-
Unreserved, reported in:							
Special revenue funds	393,778	229,013	-	5,669	42,588	35,152	2,937
Total fund balances	594,052	229,013	-	5,669	42,588	35,878	2,937
Total liabilities and fund balances	\$ 811,315	\$ 229,143	\$ -	\$ 5,669	\$ 42,588	\$ 36,766	\$ 2,937

Continued on next page

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2007
(Continued)

Assets	Innkeepers Tax	Solid Waste Grant Fund	Donation	Highway of Flags Donation	Fire Department Homeland Security Grant	Shared Ethics Initiative Fund	Traffic and Children Safety Grant Fund
Cash and cash equivalents	\$ -	\$ -	\$ 28,058	\$ 25,089	\$ -	\$ 2,466	\$ -
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	13,504	112,475	-	-	22	-	3,930
Interest receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-
Total assets	\$ 13,504	\$ 112,475	\$ 28,058	\$ 25,089	\$ 22	\$ 2,466	\$ 3,930

Liabilities and Fund Balances

Liabilities:							
Accounts payable	\$ -	\$ -	\$ 834	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Interfund payable:							
Interfund loans	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Payable from restricted assets:							
Accounts payable	4,896	3,516	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-
Retainage payable	-	-	-	-	-	-	-
Total liabilities	4,896	3,516	834	-	-	-	-
Fund balances:							
Reserved for:							
Encumbrances	4,896	3,516	-	-	-	-	-
Unreserved, reported in:							
Special revenue funds	3,712	105,443	27,224	25,089	22	2,466	3,930
Total fund balances	8,608	108,959	27,224	25,089	22	2,466	3,930
Total liabilities and fund balances	\$ 13,504	\$ 112,475	\$ 28,058	\$ 25,089	\$ 22	\$ 2,466	\$ 3,930

Continued on next page

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2007
(Continued)

Assets	Law Enforcement Block Grant	Redevelopment General	Park Nonreverting Operating	Safe Neighborhood Grant	Fire Computer Grant Fund	Special Events Nonreverting Fund	Local Forfeited and Seized Assets	Totals
Cash and cash equivalents	\$ -	\$ 51,042	\$ -	\$ -	\$ -	\$ 13,497	\$ 1,256	\$ 127,077
Receivables (net of allowances for uncollectibles):								
Interest	-	597	-	-	-	-	-	597
Taxes	-	86,789	-	-	-	-	-	86,789
Intergovernmental	-	926	-	-	-	-	-	926
Restricted assets:								
Cash and cash equivalents	234	-	-	1,356	1	-	-	1,113,068
Interest receivable	-	-	-	-	-	-	-	369
Accounts receivable	-	-	-	-	-	-	-	985
Intergovernmental receivable	-	-	-	-	-	-	-	139,849
Total assets	\$ 234	\$ 139,354	\$ -	\$ 1,356	\$ 1	\$ 13,497	\$ 1,256	\$ 1,469,660
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ -	\$ 1,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,234
Accrued payroll and withholdings payable	-	2,175	-	-	-	-	-	2,175
Interfund payable:								
Interfund loans	-	39,000	-	-	-	-	-	39,000
Deferred revenue	-	6,276	-	-	-	-	-	6,276
Payable from restricted assets:								
Accounts payable	-	-	-	1,348	-	-	-	84,478
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	26,833
Contracts payable	-	-	-	-	-	-	-	62,486
Retainage payable	-	-	-	-	-	-	-	54,244
Total liabilities	-	48,851	-	1,348	-	-	-	277,726
Fund balances:								
Reserved for:								
Encumbrances	-	12,846	-	-	-	-	-	222,258
Unreserved, reported in:								
Special revenue funds	234	77,657	-	8	1	13,497	1,256	969,676
Total fund balances	234	90,503	-	8	1	13,497	1,256	1,191,934
Total liabilities and fund balances	\$ 234	\$ 139,354	\$ -	\$ 1,356	\$ 1	\$ 13,497	\$ 1,256	\$ 1,469,660

TOWN OF HIGHLAND, INDIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2007

	Motor Vehicle Highway	Local Road and Street	Unsafe Building	Park Donation	Federal Forfeited and Seized Assets	Law Enforcement Continuing Education	Hazardous Materials Response
Revenues:							
Taxes:							
Property	\$ 15,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	7,690	-
Intergovernmental	918,285	271,548	-	-	-	-	-
Charges for services	-	-	-	-	-	19,595	-
Fines and forfeits	-	-	-	-	-	2,888	-
Other	37,032	6,257	-	8,350	2,047	2,341	-
Total revenues	971,157	277,805	-	8,350	2,047	32,514	-
Expenditures:							
Current:							
Public safety	-	-	2,457	-	5,850	22,968	-
Highways and streets	962,058	193,539	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	9,491	-	-	-
Urban redevelopment	-	-	-	-	-	-	-
Total expenditures	962,058	193,539	2,457	9,491	5,850	22,968	-
Excess (deficiency) of revenues over (under) expenditures	9,099	84,266	(2,457)	(1,141)	(3,803)	9,546	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(50,000)	-	-	-	-	-
Total other financing sources (uses)	-	(50,000)	-	-	-	-	-
Net change in fund balances	9,099	34,266	(2,457)	(1,141)	(3,803)	9,546	-
Fund balances - beginning	584,953	194,747	2,457	6,810	46,391	26,332	2,937
Fund balances - ending	\$ 594,052	\$ 229,013	\$ -	\$ 5,669	\$ 42,588	\$ 35,878	\$ 2,937

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Innkeepers Tax	Solid Waste Grant Fund	Donation	Highway of Flags Donation	Fire Department Homeland Security Grant	Shared Ethics Initiative Fund	Traffic and Children Safety Grant Fund
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	5,400	79,737	-	-	-	4,500	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	110	7,522	19,081	1,374	-	43	-
Total revenues	5,510	87,259	19,081	1,374	-	4,543	-
Expenditures:							
Current:							
Public safety	-	-	15,700	-	-	6,577	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	209,969	-	-	-	-	-
Culture and recreation	4,896	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-
Total expenditures	4,896	209,969	15,700	-	-	6,577	-
Excess (deficiency) of revenues over (under) expenditures	614	(122,710)	3,381	1,374	-	(2,034)	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	614	(122,710)	3,381	1,374	-	(2,034)	-
Fund balances - beginning	7,994	231,669	23,843	23,715	22	4,500	3,930
Fund balances - ending	\$ 8,608	\$ 108,959	\$ 27,224	\$ 25,089	\$ 22	\$ 2,466	\$ 3,930

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TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Law Enforcement Block Grant	Redevelopment General	Park Nonreverting Operating	Safe Neighborhood Grant	Fire Computer Grant Fund	Special Events Nonreverting Fund	Local Forfeited and Seized Assets	Totals
Revenues:								
Taxes:								
Property	\$ -	\$ 113,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,592
Licenses and permits	-	-	-	-	-	-	-	7,690
Intergovernmental	-	10,304	-	55,500	-	-	5,164	1,350,438
Charges for services	-	2,764	-	-	-	60,309	-	82,668
Fines and forfeits	-	-	-	-	-	-	-	2,888
Other	-	13,813	-	-	-	577	-	98,347
Total revenues	-	140,433	-	55,500	-	60,886	5,164	1,671,623
Expenditures:								
Current:								
Public safety	38	-	-	58,455	-	-	3,908	115,953
Highways and streets	-	-	-	-	-	-	-	1,155,597
Sanitation	-	-	-	-	-	-	-	209,969
Culture and recreation	-	-	-	-	-	52,048	-	66,435
Urban redevelopment	-	131,631	-	-	-	-	-	131,631
Total expenditures	38	131,631	-	58,455	-	52,048	3,908	1,679,585
Excess (deficiency) of revenues over (under) expenditures	(38)	8,802	-	(2,955)	-	8,838	1,256	(7,962)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	4,659	-	4,659
Transfers out	-	-	(4,659)	-	-	-	-	(54,659)
Total other financing sources (uses)	-	-	(4,659)	-	-	4,659	-	(50,000)
Net change in fund balances	(38)	8,802	(4,659)	(2,955)	-	13,497	1,256	(57,962)
Fund balances - beginning	272	81,701	4,659	2,963	1	-	-	1,249,896
Fund balances - ending	234	90,503	\$ -	8	\$ -	13,497	\$ 1,256	\$ 1,191,934

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - MOTOR VEHICLE HIGHWAY
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 32,473	\$ 32,473
Intergovernmental	878,014	878,014	884,408	6,394
Other	5,000	5,000	74,934	69,934
Total revenues	883,014	883,014	991,815	108,801
Expenditures:				
Current:				
Highways and streets:				
Personal services	457,591	432,580	385,952	46,628
Supplies	217,100	207,974	207,608	366
Other services and charges	148,938	320,583	139,674	180,909
Capital outlay	50,000	48,166	40,630	7,536
Total expenditures	873,629	1,009,303	773,864	235,439
Net change in fund balance	9,385	(126,289)	217,951	(126,638)
Fund balances - beginning	-	-	499,320	(499,320)
Fund balances - ending	\$ 9,385	\$ (126,289)	\$ 717,271	\$ (625,958)
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 217,951	
To adjust revenues for accruals			(20,658)	
To adjust expenditures for accruals			(188,194)	
Net change in fund balance, GAAP basis			\$ 9,099	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LOCAL ROAD AND STREET
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 262,060	\$ 262,060	\$ 270,362	\$ 8,302
Other	2,500	2,500	6,791	4,291
Total revenues	264,560	264,560	277,153	12,593
Expenditures:				
Current:				
Highways and streets:				
Personal services	69,449	69,449	68,939	510
Other services and charges	163,685	163,685	126,270	37,415
Total expenditures	233,134	233,134	195,209	37,925
Other financing sources (uses):				
Transfers out	-	-	(50,000)	50,000
Net change in fund balance	31,426	31,426	31,944	(25,332)
Fund balances - beginning	-	-	151,981	151,981
Fund balances - ending	\$ 31,426	\$ 31,426	\$ 183,925	\$ 126,649
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 31,944	
To adjust revenues for accruals			652	
To adjust expenditures for accruals			1,670	
Net change in fund balance, GAAP basis			\$ 34,266	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LAW ENFORCEMENT CONTINUING EDUCATION
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Licenses and permits	\$ 2,300	\$ 2,300	\$ 7,450	\$ 5,150
Intergovernmental	14,801	14,801	18,850	4,049
Charges for services	2,000	2,000	2,900	900
Other	300	300	2,398	2,098
Total revenues	19,401	19,401	31,598	12,197
Expenditures:				
Current:				
Public safety:				
Supplies	8,800	8,625	8,364	261
Other services and charges	20,317	19,766	13,918	5,848
Total expenditures	29,117	28,391	22,282	6,109
Net change in fund balance	(9,716)	(8,990)	9,316	6,088
Fund balances - beginning	-	-	25,541	25,541
Fund balances - ending	\$ (9,716)	\$ (8,990)	\$ 34,857	\$ 31,629
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 9,316	
To adjust revenues for accruals			916	
To adjust expenditures for accruals			(686)	
Net change in fund balance, GAAP basis			\$ 9,546	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - INNKEEPERS TAX
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,400	\$ 5,400	\$ 5,400	\$ -
Other	-	-	119	119
Total revenues	5,400	5,400	5,519	119
Expenditures:				
Current:				
Culture and recreation:				
Supplies	4,896	-	-	-
Other services and charges	-	5,431	-	5,431
Total expenditures	4,896	5,431	-	5,431
Net change in fund balance	504	(31)	5,519	(5,312)
Fund balances - beginning	-	-	7,985	7,985
Fund balances - ending	\$ 504	\$ (31)	\$ 13,504	\$ 2,673
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 5,519	
To adjust revenues for accruals			(9)	
To adjust expenditures for accruals			(4,896)	
Net change in fund balance, GAAP basis			\$ 614	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SOLID WASTE GRANT FUND
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 159,474	\$ 159,474	\$ 86,725	\$ (72,749)
Other	-	-	8,103	8,103
Total revenues	159,474	159,474	94,828	(64,646)
Expenditures:				
Current:				
Sanitation:				
Supplies	10,000	10,000	9,981	19
Other services and charges	201,188	197,672	196,472	1,200
Total expenditures	211,188	207,672	206,453	1,219
Net change in fund balance	(51,714)	(48,198)	(111,625)	(65,865)
Fund balances - beginning	-	-	224,100	224,100
Fund balances - ending	\$ (51,714)	\$ (48,198)	\$ 112,475	\$ 158,235
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (111,625)	
To adjust revenues for accruals			(7,569)	
To adjust expenditures for accruals			(3,516)	
Net change in fund balance, GAAP basis			\$ (122,710)	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SHARED ETHICS INITIATIVE FUND
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
Other	-	-	43	43
Total revenues	4,500	4,500	4,543	43
Expenditures:				
Current:				
Public safety	-	9,000	6,577	2,423
Other services and charges				
Net change in fund balance	4,500	(4,500)	(2,034)	(2,380)
Fund balances - beginning	-	-	4,500	4,500
Fund balances - ending	\$ 4,500	\$ (4,500)	\$ 2,466	\$ 2,120
Budget/GAAP Reconciliation				
Net change in fund balance, GAAP basis			\$ (2,034)	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - REDEVELOPMENT GENERAL
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 115,374	\$ 115,374	\$ 45,697	\$ (69,677)
Intergovernmental	9,245	9,245	16,304	7,059
Charges for services	400	400	2,764	2,364
Other	1,000	1,000	13,168	12,168
Total revenues	126,019	126,019	77,933	(48,086)
Expenditures:				
Current:				
Urban redevelopment:				
Personal services	62,156	61,159	55,900	5,259
Supplies	1,394	1,177	1,156	21
Other services and charges	101,969	129,547	74,633	54,914
Total expenditures	165,519	191,883	131,689	60,194
Other financing sources (uses):				
Transfers in	-	-	39,000	(39,000)
Net change in fund balance	(39,500)	(65,864)	(14,756)	(147,280)
Fund balances - beginning	-	-	65,798	65,798
Fund balances - ending	\$ (39,500)	\$ (65,864)	\$ 51,042	\$ (81,482)
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (14,756)	
To adjust revenues for accruals			62,500	
To adjust expenditures for accruals			(38,942)	
Net change in fund balance, GAAP basis			\$ 8,802	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - PARK NONREVERTING OPERATING
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Other	-	\$ -	\$ 22	22
Expenditures:				
Current:				
Culture and recreation:				
Supplies	800	800	-	800
Other services and charges	55,055	55,055	1,520	53,535
Total expenditures	55,855	55,855	1,520	54,335
Other financing sources (uses):				
Transfers out	-	-	(4,659)	4,659
Net change in fund balance	(55,855)	(55,855)	(6,157)	(49,654)
Fund balances - beginning	-	-	6,157	6,157
Fund balances - ending	<u>\$ (55,855)</u>	<u>\$ (55,855)</u>	<u>\$ -</u>	<u>\$ (43,497)</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (6,157)	
To adjust revenues for accruals			(22)	
To adjust expenditures for accruals			1,520	
Net change in fund balance, GAAP basis			<u>\$ (4,659)</u>	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SPECIAL EVENTS NONREVERTING FUND
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges for services	\$ 51,225	\$ 51,225	\$ 60,309	\$ 9,084
Other	-	-	577	577
Total revenues	51,225	51,225	60,886	9,661
Expenditures:				
Current:				
Culture and recreation:				
Personal services	-	7,356	-	7,356
Supplies	-	800	650	150
Other services and charges	-	55,919	51,398	4,521
Total expenditures	-	64,075	52,048	12,027
Other financing sources (uses):				
Transfers in	-	-	4,659	(4,659)
Net change in fund balance	51,225	(12,850)	13,497	(7,025)
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ 51,225	\$ (12,850)	\$ 13,497	\$ (7,025)
Budget/GAAP Reconciliation				
Net change in fund balance, GAAP basis			\$ 13,497	

**Debt Service
Funds**

NONMAJOR DEBT SERVICE FUNDS

- Corporation Bond and Interest - To account for the accumulation of resources for, and the payment of general long-term debt of the Town. Resources are derived from an annual tax levy. Property Tax levy in excess of actual requirements is legally restricted to servicing the debt. (Confer IC 35-5-2-11; IC 6-1.1-20)
- Parks and Recreation Bond and Interest - To account for the accumulation of resources for and payment of the general long-term debt of Park Special Taxing District. Resources are derived from an annual tax levy. Property Tax levy in excess of actual requirements is legally restricted to servicing the debt. (Confer IC 36-10-3-27; IC 6-1.1-20)
- Redevelopment Bond and Interest - To account for the accumulation of resources for and payment of general long-term debt of the Redevelopment District undertaken in support of redevelopment projects. Resources are derived from an annual tax levy. Property tax in excess of annual requirements is legally restricted to servicing the debt. (Confer IC 36-1-10 et seq.; IC 6-1.1-20)

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
December 31, 2007

<u>Assets</u>	Corporation Bond and Interest	Parks and Recreation Bond and Interest	Redevelopment Bond and Interest	Totals
Restricted assets:				
Cash and cash equivalents	\$ 260,307	\$ 504,671	\$ 752,753	\$ 1,517,731
Taxes receivable	203,165	401,398	484,242	1,088,805
Intergovernmental receivable	2,167	4,281	5,165	11,613
Total assets	<u>\$ 465,639</u>	<u>\$ 910,350</u>	<u>\$ 1,242,160</u>	<u>\$ 2,618,149</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Payable from restricted assets:				
Tax anticipation warrants payable	\$ 172,789	\$ 430,000	\$ 639,000	\$ 1,241,789
Deferred revenue	14,691	29,025	35,016	78,732
Total liabilities	<u>187,480</u>	<u>459,025</u>	<u>674,016</u>	<u>1,320,521</u>
Fund balances:				
Unreserved, reported in:				
Debt service funds	278,159	451,325	568,144	1,297,628
Total fund balances	<u>278,159</u>	<u>451,325</u>	<u>568,144</u>	<u>1,297,628</u>
Total liabilities and fund balances	<u>\$ 465,639</u>	<u>\$ 910,350</u>	<u>\$ 1,242,160</u>	<u>\$ 2,618,149</u>

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 For The Year Ended December 31, 2007

	Corporation Bond and Interest	Parks and Recreation Bond and Interest	Redevelopment Bond and Interest	Totals
Revenues:				
Taxes:				
Property	\$ 266,137	\$ 525,408	\$ 636,700	\$ 1,428,245
Intergovernmental	24,120	47,651	57,506	129,277
Other	-	-	687	687
Total revenues	290,257	573,059	694,893	1,558,209
Expenditures:				
Debt service:				
Principal	309,000	180,000	290,000	779,000
Interest	51,444	165,903	149,851	367,198
Total expenditures	360,444	345,903	439,851	1,146,198
Excess (deficiency) of revenues over (under) expenditures	(70,187)	227,156	255,042	412,011
Other financing sources:				
Transfers in	65,000	-	-	65,000
Total other financing sources	65,000	-	-	65,000
Net change in fund balances	(5,187)	227,156	255,042	477,011
Fund balances - beginning	283,346	224,169	313,102	820,617
Fund balances - ending	\$ 278,159	\$ 451,325	\$ 568,144	\$ 1,297,628

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS - CORPORATION BOND AND INTEREST
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 270,081	\$ 270,081	\$ 109,672	\$ (160,409)
Intergovernmental	21,747	21,747	39,440	17,693
Other	-	-	947	947
Total revenues	291,828	291,828	150,059	(141,769)
Expenditures:				
Debt service:				
Principal	309,000	309,000	309,000	-
Interest	51,444	51,444	51,444	-
Total expenditures	360,444	360,444	360,444	-
Other financing sources (uses):				
Transfers in	-	-	65,000	(65,000)
Tax anticipation warrants received	-	-	172,789	(172,789)
Total other financing sources (uses)	-	-	237,789	(237,789)
Net change in fund balance	(68,616)	(68,616)	27,404	(379,558)
Fund balances - beginning	-	-	232,903	232,903
Fund balances - ending	\$ (68,616)	\$ (68,616)	\$ 260,307	\$ (146,655)
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 27,404	
To adjust revenues for accruals			140,198	
To adjust for tax anticipation warrants payable			(172,789)	
Net change in fund balance, GAAP basis			\$ (5,187)	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS - PARKS AND RECREATION BOND AND INTEREST
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 533,607	\$ 533,607	\$ 224,253	\$ (309,354)
Intergovernmental	42,759	42,759	81,495	38,736
Other	1,000	1,000	1,589	589
Total revenues	<u>577,366</u>	<u>577,366</u>	<u>307,337</u>	<u>(270,029)</u>
Expenditures:				
Debt service:				
Principal	73,653	73,653	73,653	-
Interest	292,712	292,712	292,712	-
Total expenditures	<u>366,365</u>	<u>366,365</u>	<u>366,365</u>	<u>-</u>
Other financing sources (uses):				
Tax anticipation warrants received	-	-	430,000	(430,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>430,000</u>	<u>(430,000)</u>
Net change in fund balance	<u>211,001</u>	<u>211,001</u>	<u>370,972</u>	<u>(700,029)</u>
Fund balances - beginning	-	-	133,699	133,699
Fund balances - ending	<u>\$ 211,001</u>	<u>\$ 211,001</u>	<u>\$ 504,671</u>	<u>\$ (566,330)</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 370,972	
To adjust revenues for accruals			265,722	
To adjust expenditures for accruals			20,462	
To adjust for tax anticipation warrants payable			(430,000)	
Net change in fund balance, GAAP basis			<u>\$ 227,156</u>	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS - REDEVELOPMENT BOND AND INTEREST
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 643,737	\$ 643,737	\$ 217,394	\$ (426,343)
Intergovernmental	51,582	51,582	73,234	21,652
Other	-	-	2,501	2,501
Total revenues	695,319	695,319	293,129	(402,190)
Expenditures:				
Debt service:				
Principal	290,000	290,000	290,000	-
Interest	149,852	149,852	149,851	1
Total expenditures	439,852	439,852	439,851	1
Other financing sources (uses):				
Tax anticipation warrants received	-	-	639,000	(639,000)
Total other financing sources (uses)	-	-	639,000	(639,000)
Net change in fund balance	255,467	255,467	492,278	(1,041,191)
Fund balances - beginning	-	-	260,475	260,475
Fund balances - ending	\$ 255,467	\$ 255,467	\$ 752,753	\$ (780,716)
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 492,278	
To adjust revenues for accruals			401,764	
To adjust for tax anticipation warrants payable			(639,000)	
Net change in fund balance, GAAP basis			\$ 255,042	

**Capital Projects
Funds**

NONMAJOR CAPITAL PROJECT FUNDS

Cumulative Capital Improvement -	To account for financial resources related to improvement projects or the payment of debt incurred for improvements to the Town. Resources are derived from state cigarette tax distributions. (Confer IC 6-7-1-31.1)
Cumulative Capital Development -	To account for expenditures related to capital improvements and leases of public safety equipment or vehicles. Resources are derived from a specific tax levy.
Local Major Moves -	To account for expenditures and resources related to certain infrastructure and capital improvement projects of the municipality, which may include street and highway resurfacing or reconstruction, bridge construction, and making contributions to the Regional Development Authority. Authorized under Indiana Code 8-14-16, resources are derived from a one-time, state distribution of proceeds, granted only to units in seven northern counties, in consequence of a long term-lease of its Toll Road (I-90) and interest earned on fund balance.
General Improvement Fund -	To account for financial resources related to infrastructure improvements, including sidewalks, gutters, and curbs, specifically identified for and made in an established General Improvement District. Resources for this fund are derived from assessments paid by property holders in the district whose property is specifically found to be benefited from the improvements. Authority for the fund comes from the provisions of Indiana Code 36-9-17 et seq.
Municipal Cumulative Street -	To account for expenditures and resources related to the acquisition of rights-of-way for public ways or sidewalks, or the construction or reconstruction of public ways or sidewalks. Resources are derived from municipal and miscellaneous revenues. (Confer IC 36-9-16.5-2)

NONMAJOR CAPITAL PROJECT FUNDS

(Continued)

Gaming Revenue
Sharing -

To account for financial resources related to expenditures for infrastructure improvements. Resources for this fund are derived under a revenue sharing agreement executed between and among the Government of Lake County and several municipalities in the county in which a share of the County's revenue collected from a gaming boat admissions' tax is allocated and distributed on a pro-rata basis to non-gaming communities. Authority for this fund comes from an Ordinance of the Lake County Council as adopted by the Lake County Commissioners and a companion ordinance of the Town of Highland, all enacted under provisions of Indiana Code 36-1-3 et seq., and Indiana Code 36-1-7 et seq.

Corporation Capital -

To account for expenditures and resources received in consequence certain capital improvement projects of the municipality, which may include street and highway resurfacing or reconstruction. Resources are derived from the sale proceeds of general obligation bonds of the corporation and interest earned on fund balance.

Park Nonreverting Capital -

To account for financial resources for the purpose of acquiring land or making specific capital improvements to facilities and plant under the jurisdiction of the parks and recreation department.

Redevelopment Capital -

To account for financial resources for the purpose of acquiring land or making specific capital improvements to facilities and plant under the jurisdiction of the redevelopment department.

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2007

<u>Assets</u>	<u>Cumulative Capital Improvement</u>	<u>Cumulative Capital Development</u>	<u>Local Major Moves</u>	<u>General Improvement Fund</u>	<u>Municipal Cumulative Street</u>
Restricted assets:					
Cash and cash equivalents	\$ 239,122	\$ 745,979	\$ 201,800	\$ 106,138	\$ 27,072
Interest receivable	299	299	-	-	-
Taxes receivable	-	384,907	-	-	-
Intergovernmental receivable	7,300	3,892	-	-	-
Special assessments receivable	-	-	-	6,828	-
Interfund receivable:					
Interfund loans	-	-	-	-	-
Total assets	\$ 246,721	\$ 1,115,077	\$ 201,800	\$ 112,966	\$ 27,072

Liabilities and Fund Balances

Liabilities:					
Payable from restricted assets:					
Accounts payable	\$ -	\$ -	\$ -	\$ 12	\$ -
Contracts payable	-	-	-	-	-
Retainage payable	-	-	-	5,421	-
Deferred revenue	7,300	26,386	-	6,828	-
Total liabilities	7,300	26,386	-	12,261	-
Fund balances:					
Reserved for:					
Encumbrances	-	206,232	-	5,433	-
Unreserved, reported in:					
Capital projects funds	239,421	882,459	201,800	95,272	27,072
Total fund balances	239,421	1,088,691	201,800	100,705	27,072
Total liabilities and fund balances	\$ 246,721	\$ 1,115,077	\$ 201,800	\$ 112,966	\$ 27,072

Continued on next page

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2007
(Continued)

<u>Assets</u>	Gaming Revenue Sharing	Corporation Capital	Park Nonreverting Capital	Redevelopment Capital	Totals
Restricted assets:					
Cash and cash equivalents	\$ 141,089	\$ -	\$ 676,026	\$ 450,429	\$ 2,587,655
Interest receivable	-	-	-	-	598
Taxes receivable	-	-	-	31,559	396,466
Intergovernmental receivable	28,736	-	-	337	40,265
Special assessments receivable	-	-	-	-	6,828
Interfund receivable:					
Interfund loans	-	-	-	39,000	39,000
Total assets	\$ 169,825	\$ -	\$ 676,026	\$ 521,325	\$ 3,070,812

Liabilities and Fund Balances

Liabilities:					
Payable from restricted assets:					
Accounts payable	\$ -	\$ -	\$ 52,550	\$ 3,063	\$ 55,625
Contracts payable	28,460	-	-	-	28,460
Retainage payable	-	-	-	-	5,421
Deferred revenue	-	-	-	2,281	42,795
Total liabilities	28,460	-	52,550	5,344	132,301
Fund balances:					
Reserved for:					
Encumbrances	99,037	-	53,510	4,114	368,326
Unreserved, reported in:					
Capital projects funds	42,328	-	569,966	511,867	2,570,185
Total fund balances	141,365	-	623,476	515,981	2,938,511
Total liabilities and fund balances	\$ 169,825	\$ -	\$ 676,026	\$ 521,325	\$ 3,070,812

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2007

	Cumulative Capital Improvement	Cumulative Capital Development	Local Major Moves	General Improvement Fund	Municipal Cumulative Street
Revenues:					
Taxes:					
Property	\$ -	\$ 480,175	\$ -	\$ -	\$ -
Special assessments	-	-	-	7,602	14,073
Intergovernmental	82,703	43,337	-	-	-
Other	7,648	29,687	23,186	6,487	442
Total revenues	<u>90,351</u>	<u>553,199</u>	<u>23,186</u>	<u>14,089</u>	<u>14,515</u>
Expenditures:					
Capital outlay:					
General government	-	580,377	-	-	-
Highways and streets	-	-	388,196	55,722	14,089
Culture and recreation	-	-	-	-	-
Urban redevelopment	-	-	-	-	-
Total expenditures	<u>-</u>	<u>580,377</u>	<u>388,196</u>	<u>55,722</u>	<u>14,089</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90,351</u>	<u>(27,178)</u>	<u>(365,010)</u>	<u>(41,633)</u>	<u>426</u>
Other financing sources (uses):					
Transfers out	-	-	-	-	-
Capital lease proceeds	-	376,659	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>376,659</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>90,351</u>	<u>349,481</u>	<u>(365,010)</u>	<u>(41,633)</u>	<u>426</u>
Fund balances - beginning	<u>149,070</u>	<u>739,210</u>	<u>566,810</u>	<u>142,338</u>	<u>26,646</u>
Fund balances - ending	<u>\$ 239,421</u>	<u>\$ 1,088,691</u>	<u>\$ 201,800</u>	<u>\$ 100,705</u>	<u>\$ 27,072</u>

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Gaming Revenue Sharing	Corporation Capital	Park Nonreverting Capital	Redevelopment Capital	Totals
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ 41,314	\$ 521,489
Special assessments	-	-	11,574	-	33,249
Intergovernmental	226,974	-	-	3,746	356,760
Other	20,571	618	56,338	18,840	163,817
Total revenues	<u>247,545</u>	<u>618</u>	<u>67,912</u>	<u>63,900</u>	<u>1,075,315</u>
Expenditures:					
Capital outlay:					
General government	-	10,552	-	-	590,929
Highways and streets	661,259	-	-	-	1,119,266
Culture and recreation	-	-	1,092,871	-	1,092,871
Urban redevelopment	-	-	-	29,949	29,949
Total expenditures	<u>661,259</u>	<u>10,552</u>	<u>1,092,871</u>	<u>29,949</u>	<u>2,833,015</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(413,714)</u>	<u>(9,934)</u>	<u>(1,024,959)</u>	<u>33,951</u>	<u>(1,757,700)</u>
Other financing sources (uses):					
Transfers out	-	(15,000)	-	-	(15,000)
Capital lease proceeds	-	-	-	-	376,659
Total other financing sources (uses)	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>361,659</u>
Net change in fund balances	<u>(413,714)</u>	<u>(24,934)</u>	<u>(1,024,959)</u>	<u>33,951</u>	<u>(1,396,041)</u>
Fund balances - beginning	<u>555,079</u>	<u>24,934</u>	<u>1,648,435</u>	<u>482,030</u>	<u>4,334,552</u>
Fund balances - ending	<u>\$ 141,365</u>	<u>\$ -</u>	<u>\$ 623,476</u>	<u>\$ 515,981</u>	<u>\$ 2,938,511</u>

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL IMPROVEMENT
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 82,646	\$ 82,646	\$ 82,703	\$ 57
Other	-	-	7,857	7,857
Total revenues	82,646	82,646	90,560	7,914
Expenditures:				
Capital outlay:				
General government:	108,500	108,500	10,732	97,768
Other services and charges	(25,854)	(25,854)	79,828	(89,854)
Net change in fund balance	-	-	159,294	159,294
Fund balances - beginning	-	-	239,122	\$ 69,440
Fund balances - ending	(25,854)	(25,854)		
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 79,828	
To adjust revenues for accruals			(209)	
To adjust expenditures for accruals			10,732	
Net change in fund balance, GAAP basis			\$ 90,351	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL DEVELOPMENT
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 485,097	\$ 485,097	\$ 156,734	\$ (328,363)
Intergovernmental	38,871	38,871	51,842	12,971
Other	6,000	6,000	31,921	25,921
Total revenues	529,968	529,968	240,497	(289,471)
Expenditures:				
Capital outlay:				
General government:				
Personal services	-	678	678	-
Other services and charges	152,105	107,945	107,944	1
Capital outlay	197,184	115,721	100,786	14,935
Total expenditures	349,289	224,344	209,408	14,936
Net change in fund balance	180,679	305,624	31,089	(304,407)
Fund balances - beginning	-	-	714,890	714,890
Fund balances - ending	180,679	305,624	745,979	410,483
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 31,089	
To adjust revenues for accruals			312,702	
To adjust expenditures for accruals			5,890	
Net change in fund balance, GAAP basis			\$ 349,481	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - LOCAL MAJOR MOVES
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 25,464	\$ 25,464
Expenditures:				
Capital outlay:				
Highways and streets:				
Other services and charges	450,000	450,000	370,646	79,354
Capital outlay	109,860	109,860	17,550	92,310
Total expenditures	559,860	559,860	388,196	171,664
Net change in fund balance	(559,860)	(559,860)	(362,732)	(146,200)
Fund balances - beginning	-	-	564,532	564,532
Fund balances - ending	<u>\$ (559,860)</u>	<u>\$ (559,860)</u>	<u>\$ 201,800</u>	<u>\$ 418,332</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (362,732)	
To adjust revenues for accruals			<u>(2,278)</u>	
Net change in fund balance, GAAP basis			<u>\$ (365,010)</u>	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - GENERAL IMPROVEMENT FUND
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Special assessments	\$ 6,000	\$ 6,000	\$ 7,602	\$ 1,602
Other	-	-	7,039	7,039
Total revenues	6,000	6,000	14,641	8,641
Expenditures:				
Capital outlay:				
Highways and streets:	-	5,788	650	5,138
Other services and charges	8,486	57,277	57,277	-
Unappropriated	-	-	-	-
Total expenditures	8,486	63,065	57,927	5,138
Net change in fund balance	(2,486)	(57,065)	(43,286)	3,503
Fund balances - beginning	-	-	149,424	149,424
Fund balances - ending	\$ (2,486)	\$ (57,065)	\$ 106,138	\$ 152,927
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (43,286)	
To adjust revenues for accruals			(551)	
To adjust expenditures for accruals			2,204	
Net change in fund balance, GAAP basis			\$ (41,633)	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - MUNICIPAL CUMULATIVE STREET
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Special assessments	\$ 25,000	\$ 25,000	\$ 14,073	\$ (10,927)
Other	-	-	442	442
Total revenues	25,000	25,000	14,515	(10,485)
Expenditures:				
Capital outlay:				
Highways and streets:				
Other disbursements	-	50,000	14,089	35,911
Net change in fund balance	25,000	(25,000)	426	(46,396)
Fund balances - beginning	-	-	26,646	26,646
Fund balances - ending	\$ 25,000	\$ (25,000)	\$ 27,072	\$ (19,750)
Budget/GAAP Reconciliation				
Net change in fund balance, GAAP basis			\$ 426	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - GAMING REVENUE SHARING
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 175,000	\$ 175,000	\$ 227,116	\$ 52,116
Other	-	-	23,017	23,017
Total revenues	175,000	175,000	250,133	75,133
Expenditures:				
Capital outlay:				
Highways and streets:				
Other services and charges	276,152	699,715	694,565	5,150
Net change in fund balance	(101,152)	(524,715)	(444,432)	69,983
Fund balances - beginning	-	-	585,521	585,521
Fund balances - ending	\$ (101,152)	\$ (524,715)	\$ 141,089	\$ 655,504
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (444,432)	
To adjust revenues for accruals			(2,587)	
To adjust expenditures for accruals			33,305	
Net change in fund balance, GAAP basis			\$ (413,714)	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CORPORATION CAPITAL
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Other	\$ 704	\$ 704	\$ 703	\$ (1)
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	9,806	-	-	-
Capital outlay	-	10,553	10,552	1
Total expenditures	9,806	10,553	10,552	1
Other financing sources (uses):				
Transfers out	-	-	(15,000)	15,000
Net change in fund balance	(9,102)	(9,849)	(24,849)	14,998
Fund balances - beginning	-	-	24,849	24,849
Fund balances - ending	\$ (9,102)	\$ (9,849)	\$ -	\$ 39,847
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (24,849)	
To adjust revenues for accruals			(85)	
Net change in fund balance, GAAP basis			\$ (24,934)	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - PARK NONREVERTING CAPITAL
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Special assessments	\$ 11,574	\$ 11,574	\$ 11,574	\$ -
Other	-	-	64,296	64,296
Total revenues	11,574	11,574	75,870	64,296
Expenditures:				
Capital outlay:				
Culture and recreation:				
Other services and charges	68,160	79,748	34,680	45,068
Capital outlay	1,508,257	1,581,180	1,142,934	438,246
Total expenditures	1,576,417	1,660,928	1,177,614	483,314
Net change in fund balance	(1,564,843)	(1,649,354)	(1,101,744)	(419,018)
Fund balances - beginning	-	-	1,777,770	1,777,770
Fund balances - ending	\$ (1,564,843)	\$ (1,649,354)	\$ 676,026	\$ 1,358,752
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (1,101,744)	
To adjust revenues for accruals			(7,958)	
To adjust expenditures for accruals			84,743	
Net change in fund balance, GAAP basis			\$ (1,024,959)	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - REDEVELOPMENT CAPITAL
For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 41,954	\$ 41,954	\$ 17,548	\$ (24,406)
Intergovernmental	3,362	3,362	6,368	3,006
Other	4,000	4,000	20,665	16,665
Total revenues	49,316	49,316	44,581	(4,735)
Expenditures:				
Capital outlay:				
Urban redevelopment:				
Other services and charges	134,873	59,708	27,085	32,623
Capital outlay	186,935	95,886	-	95,886
Total expenditures	321,808	155,594	27,085	128,509
Other financing sources (uses):				
Temporary loan	-	-	(39,000)	39,000
Net change in fund balance	(272,492)	(106,278)	(21,504)	(94,244)
Fund balances - beginning	-	-	471,933	471,933
Fund balances - ending	(272,492)	(106,278)	450,429	377,689
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (21,504)	
To adjust revenues for accruals			58,318	
To adjust expenditures for accruals			(2,863)	
Net change in fund balance, GAAP basis			\$ 33,951	

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of services of goods or services provided by one department or agency to other departments of the Town, or to other governments, on a cost reimbursement basis.

Health Insurance -

To account for employer and employees' contributions when the municipality operated a partially self-funded medical insurance program. The fund is a vestigial fund, as the municipality has not operated such a program since 2000.

Parks and Recreation Building Corporation -

To account for the financing and construction of a 39,000 sq. ft. parks and recreation facility adjoining the current Lincoln Community Center by the Parks and Recreation Building (Holding) Corporation, a non-profit corporation organized under the laws of the State of Indiana, styled as a "blended component unit" of the Town. Resources are derived from First Mortgage Bonds of the Parks and Recreation Building Corporation, issued pursuant to Indiana Code 36-1-10 et seq., interest earned from investments and from lease revenues derived according to the terms of a capital lease with the Town of Highland as lessee.

Information and Communication Technology -

To account for expenditures and resources related to information and communications technology services provided to the executive departments of the municipality and its utilities. The services include managing, maintenance and acquisition of information and communications hardware, software, and software licenses. Hardware may include, computers, telephones, facsimile machines and documents imaging and management devices. As an internal service fund, resources are derived from annual charges assessed to the several funds associated with the several municipal departments and utilities, and interest earned on fund balance.

TOWN OF HIGHLAND, INDIANA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2007

Assets	Health Insurance	Parks and Recreation Building Corporation	Information and Communication Technology	Totals
Current assets:				
Cash and cash equivalents	\$ 501,336	\$ 97,718	\$ 33,945	\$ 632,999
Intertund receivable	80,000	-	-	80,000
Current portion of operating lease	-	196,226	-	196,226
Current portion of direct financing lease	-	9,250	-	9,250
Total current assets	581,336	303,194	33,945	918,475
Noncurrent assets:				
Deferred charges	-	35,810	-	35,810
Operating lease receivable	-	37,000	-	37,000
Net investment in direct financing lease	-	790,934	-	790,934
Total noncurrent assets	-	863,744	-	863,744
Total assets	581,336	1,166,938	33,945	1,782,219
Liabilities				
Current liabilities:				
Accounts payable	-	-	6,337	6,337
Accrued payroll and withholdings payable	-	-	759	759
Revenue bonds payable	-	190,000	-	190,000
Accrued interest payable	-	36,167	-	36,167
Total current liabilities	-	226,167	7,096	233,263
Noncurrent liabilities:				
Revenue bonds payable (net)	-	1,216,204	-	1,216,204
Total noncurrent liabilities	-	1,216,204	-	1,216,204
Total liabilities	-	1,442,371	7,096	1,449,467
Net Assets				
Unrestricted	581,336	(275,433)	26,849	332,752
Total net assets	\$ 581,336	\$ (275,433)	\$ 26,849	\$ 332,752

TOWN OF HIGHLAND, INDIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2007

	Health Insurance	Parks and Recreation Building Corporation	Information and Communication Technology	Totals
Operating revenues:				
Charges for services	\$ -	\$ 79,746	\$ 85,673	\$ 165,419
Other	-	-	62	62
Total operating revenue	-	79,746	85,735	165,481
Operating expenses:				
Administration and general	6,000	5,874	145,623	157,497
Operating income (loss)	(6,000)	73,872	(59,888)	7,984
Nonoperating revenues (expenses):				
Interest income	10,043	4,020	1,063	15,126
Interest expense	-	(71,538)	-	(71,538)
Amortization of bond issue costs	-	(4,602)	-	(4,602)
Total nonoperating revenue (expenses)	10,043	(72,120)	1,063	(61,014)
Income (loss) before transfers	4,043	1,752	(58,825)	(53,030)
Transfers in	-	-	85,674	85,674
Change in net assets	4,043	1,752	26,849	32,644
Total net assets - beginning	577,293	(277,185)	-	300,108
Total net assets - ending	\$ 581,336	\$ (275,433)	\$ 26,849	\$ 332,752

TOWN OF HIGHLAND, INDIANA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2007

	Health Insurance	Parks and Recreation Building Corporation	Information and Communication Technology	Totals
Cash flows from operating activities:				
Payments to suppliers	\$ (6,000)	\$ (5,874)	\$ (124,088)	\$ (135,962)
Payments to employees	-	-	(14,439)	(14,439)
Other receipts	-	-	85,735	85,735
Net cash used by operating activities	(6,000)	(5,874)	(52,792)	(64,666)
Cash flows from noncapital financing activities:				
Transfers from other funds	-	-	85,674	85,674
Temporary loans made	(403,788)	-	-	(403,788)
Temporary loans repaid	403,788	-	-	403,788
Net cash provided by noncapital financing activities	-	-	85,674	85,674
Cash flows from capital and related financing activities:				
Principal paid on capital debt	-	(180,000)	-	(180,000)
Interest paid on capital debt	-	(76,948)	-	(76,948)
Net cash used by capital and related financing activities	-	(256,948)	-	(256,948)
Cash flows from investing activities:				
Proceeds from net investment in direct financing lease	-	283,461	-	283,461
Proceeds from operating lease receivable	-	9,250	-	9,250
Interest received	12,362	4,020	1,063	17,445
Net cash provided by investing activities	12,362	296,731	1,063	310,156
Net increase in cash and cash equivalents	6,362	33,909	33,945	74,216
Cash and cash equivalents, January 1	494,974	63,809	-	558,783
Cash and cash equivalents, December 31	501,336	97,718	33,945	632,999
Reconciliation of operating income (loss) to net cash used by operating activities:				
Operating income (loss)	\$ (6,000)	\$ 73,872	\$ (59,888)	\$ 7,984
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Increase (decrease) in liabilities:				
Accounts payable	-	-	6,337	6,337
Wages payable	-	-	759	759
Noncash items:				
Deferred revenue recognized	-	(79,746)	-	(79,746)
Total adjustments	-	(79,746)	7,096	(72,650)
Net cash used by operating activities	\$ (6,000)	\$ (5,874)	\$ (52,792)	\$ (64,666)

FIDUCIARY FUNDS

Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

AGENCY FUNDS

Payroll -	To account for the payroll of employees of the Town and its executive departments and municipal utilities.
Parks and Recreation Escrow -	To account for security or damage deposits made by lessee tenants, to the Parks and Recreation Department as lessor, for long-term use of rooms in the community center.
Insurance Premium -	To account for department shares allocated and collected for insurance premiums payable by the municipality.
Gasoline -	To account for department shares allocated and collected for gasoline payable by the municipality.
Telephone -	To account for department shares allocated and collected for telephone system line and equipment charges payable by the municipality.
Traffic Violations -	To account for infraction deferral fees, moving traffic violations fines and state imposed court user fees collected by and under the authority of a Traffic Violations Bureau, established by the county court to make such collections on its behalf. Collections are periodically transferred to the Clerk of the Lake Circuit and Superior Courts. Authority for the fund comes from Indiana Code 36-1-3; Indiana Code 33-19-5 and Indiana Code 34-4-32.
Aflac FSA Agency Fund -	To account for expenditures and resources received in consequence of the municipality's special flexible spending accounts and employee plan established according to the terms of the Internal Revenue Code Section 125. Resources are derived from a one-time operating contribution of the Town and from participating employees' and officers' payroll deduction.

TOWN OF HIGHLAND, INDIANA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
December 31, 2007

	Payroll	Parks and Recreation Escrow	Insurance Premium	Gasoline	Telephone	Traffic Violations	Aflac FSA Agency Fund	Totals
Assets:								
Cash and cash equivalents	\$ 47,145	\$ 12,734	\$ 3,578	\$ -	\$ -	\$ 2,759	\$ 15,936	\$ 82,152
Interest receivable	44	-	-	-	-	-	6	50
Total assets	\$ 47,189	\$ 12,734	\$ 3,578	\$ -	\$ -	\$ 2,759	\$ 15,942	\$ 82,202
Liabilities:								
Payroll withholdings payable	\$ 47,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,189
Trust payable	-	12,734	3,578	-	-	2,759	15,942	35,013
Total liabilities	\$ 47,189	\$ 12,734	\$ 3,578	\$ -	\$ -	\$ 2,759	\$ 15,942	\$ 82,202

TOWN OF HIGHLAND, INDIANA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended December 31, 2007

	Payroll	Parks and Recreation Escrow	Insurance Premium	Gasoline	Telephone	Traffic Violations	Aflac FSA Agency Fund	Totals
Assets:								
Cash and cash equivalents, January 1, 2007	\$ 46,237	\$ 10,259	\$ 3,086	\$ -	\$ -	\$ 1,604	\$ 13,175	\$ 74,361
Additions	1,681,086	6,825	1,448,452	120,977	2,355	20,805	23,169	3,303,669
Deductions	(1,680,178)	(4,350)	(1,447,960)	(120,977)	(2,355)	(19,650)	(20,408)	(3,295,878)
Cash and cash equivalents, December 31, 2007	47,145	12,734	3,578	-	-	2,759	15,936	82,152
 Interest receivable, January 1, 2007	67	-	-	-	-	-	10	77
Additions	44	-	-	-	-	-	6	50
Deductions	(67)	-	-	-	-	-	(10)	(77)
Interest receivable, December 31, 2007	44	-	-	-	-	-	6	50
Total assets, December 31, 2007	\$ 47,189	\$ 12,734	\$ 3,578	\$ -	\$ -	\$ 2,759	\$ 15,942	\$ 82,202
 Liabilities:								
Payroll withholdings payable, January 1, 2007	\$ 46,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,304
Additions	1,681,130	-	-	-	-	-	-	1,681,130
Deductions	(1,680,245)	-	-	-	-	-	-	(1,680,245)
Payroll withholdings payable, December 31, 2007	47,189	-	-	-	-	-	-	47,189
 Trust payable, January 1, 2007	-	10,259	3,086	-	-	1,604	13,185	28,134
Additions	-	6,825	1,448,452	120,977	2,355	20,805	23,175	1,622,589
Deductions	-	(4,350)	(1,447,960)	(120,977)	(2,355)	(19,650)	(20,418)	(1,615,710)
Trust payable, December 31, 2007	-	12,734	3,578	-	-	2,759	15,942	35,013
Total liabilities, December 31, 2007	\$ 47,189	\$ 12,734	\$ 3,578	\$ -	\$ -	\$ 2,759	\$ 15,942	\$ 82,202

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STATISTICAL SECTION

Statistical Section

This part of the Town of Highland's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Pages
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	123-135
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	137-142
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	143-149
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	151-169
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	171-181

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Accounts					
Investment in capital assets, net of related debt	\$ 14,587,666	\$ 11,401,886	\$ 10,987,839	\$ 16,022,139	\$ 16,591,125
Restricted	2,660,744	3,698,490	3,586,422	4,708,632	4,617,424
Unrestricted	(2,920,252)	(2,879,382)	(3,361,600)	(3,776,560)	(2,779,058)
Total Governmental Activities Net Assets	<u>\$ 14,328,158</u>	<u>\$ 12,220,994</u>	<u>\$ 11,212,661</u>	<u>\$ 16,954,211</u>	<u>\$ 18,429,491</u>
Business-type Activities					
Investment in capital assets, net of related debt	\$ 10,917,934	\$ 16,527,488	\$ 16,001,186	\$ 17,309,888	\$ 14,825,501
Restricted	1,990,705	1,372,497	3,614,059	2,917,715	4,389,022
Unrestricted	460,160	1,171,139	597,843	341,387	658,795
Total Business-type Activities Net Assets	<u>\$ 13,368,799</u>	<u>\$ 19,071,124</u>	<u>\$ 20,213,088</u>	<u>\$ 20,568,990</u>	<u>\$ 19,873,318</u>
Primary Government					
Investment in capital assets, net of related debt	\$ 25,505,600	\$ 27,929,374	\$ 26,989,025	\$ 33,332,027	\$ 31,416,626
Restricted	4,651,449	5,070,987	7,200,481	7,626,347	9,006,446
Unrestricted	(2,460,092)	(1,708,243)	(2,763,757)	(3,435,173)	(2,120,263)
Total Primary Government Net Assets	<u>\$ 27,696,957</u>	<u>\$ 31,292,118</u>	<u>\$ 31,425,749</u>	<u>\$ 37,523,201</u>	<u>\$ 38,302,809</u>

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TOWN OF HIGHLAND
Changes in Net Assets
Fiscal Years 2003 - 2007
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
General government	\$ 1,506,033	\$ 748,354	\$ 1,442,017	\$ 2,063,441	\$ 2,119,504
Public safety	4,424,506	4,741,337	6,325,184	4,934,503	3,962,975
Highway/streets	2,473,525	928,083	2,345,077	1,882,447	2,076,600
Sanitation	1,250,587	1,437,584	1,433,711	1,570,682	1,683,635
Economic development	396,885	83,080	239,839	1,871,473	241,781
Health and welfare	-	7,000	-	-	-
Culture and recreation	1,545,834	1,859,186	2,023,220	2,112,857	2,140,247
Interest on long-term debt	272,319	240,201	207,489	284,697	334,506
Total governmental activities expenses	11,869,689	10,044,825	14,016,537	14,700,100	12,559,248
Business-Type Activities:					
Water	3,016,042	2,276,318	2,292,223	2,165,586	3,229,142
Sanitary District (sewer)	2,636,038	2,353,091	2,676,647	3,670,388	3,686,723
Total business-type activities	5,652,080	4,629,409	4,968,870	5,835,974	6,915,865
Total primary government expenses	\$ 17,521,769	\$ 14,674,234	\$ 18,985,407	\$ 20,536,074	\$ 19,475,113
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 551,893	\$ 600,629	\$ 564,176	\$ 667,044	\$ 726,177
Public Safety	1,178,155	1,186,992	1,186,967	1,266,124	1,429,690
Sanitation	762,791	812,381	797,803	821,114	838,983
Culture and recreation	106,744	153,370	166,467	191,644	2,764
Operating grants and contributions	1,315,240	1,030,383	1,237,294	1,194,935	1,084,944
Capital grants and contributions	1,145,877	1,066,373	800,627	1,325,520	609,888
Total governmental activities program revenues	5,060,720	4,850,128	4,753,334	5,466,381	4,875,538
Business-type activities:					
Charges for services:					
Water	3,171,106	2,530,590	2,708,956	2,531,464	2,632,026
Sanitary District (sewer)	2,145,852	2,230,218	3,009,709	2,961,916	3,146,397
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	5,316,958	5,478,424	5,770,755	5,493,380	16,000
Total business-type activities	\$ 10,377,678	\$ 10,328,552	\$ 10,524,089	\$ 10,959,761	\$ 5,794,423
Total primary government program revenues	\$ 15,438,398	\$ 15,178,680	\$ 15,277,423	\$ 16,426,142	\$ 10,669,961
Net (expense)/revenue	\$ (2,083,371)	\$ (2,495,554)	\$ (3,707,984)	\$ (4,109,932)	\$ (8,805,152)
Governmental activities	\$ (6,808,969)	\$ (5,194,697)	\$ (9,263,203)	\$ (9,233,719)	\$ (7,483,710)
Business-type activities	(335,122)	849,015	801,885	(342,594)	(1,121,442)
Total primary government net expense	\$ (7,144,091)	\$ (4,345,682)	\$ (8,461,318)	\$ (9,576,313)	\$ (8,605,152)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 5,655,269	\$ 6,704,371	\$ 7,078,601	\$ 7,207,152	\$ 7,828,469
Excise taxes	519,823	667,574	542,153	535,440	607,315
Financial institution tax	-	131,775	71,815	35,450	60,268
Commercial vehicle excise tax	-	60,889	32,727	17,013	35,520
ABC gallonage tax	47,963	75,543	62,426	58,225	60,436
Cigarette tax	23,215	23,964	19,851	22,941	22,555
Other	55,056	115,839	105,975	147,842	140,933
Unrestricted investment earnings	72,333	38,822	208,272	323,136	317,820
Special Cooperative agreement revenue	-	-	-	1,750,000	-
Transfers	-	-	-	-	85,674
Total governmental activities	6,373,659	7,818,777	8,121,820	10,117,199	9,158,990
Business-type activities:					
Taxes					
Property taxes	650,090	617,054	505,995	576,090	345,780
Excise taxes	297,710	37,898	-	-	-
Financial institution tax	-	8,332	-	-	-
Commercial vehicle excise tax	-	21,667	-	-	-
Other	2,158,497	160	52,907	122,404	39,053
Unrestricted investment earnings	12,671	9,053	47,539	-	106,611
Transfers	-	-	-	-	(85,674)
Total business-type activities	3,118,968	694,164	606,441	698,494	425,770
Total primary government	\$ 9,492,627	\$ 8,512,941	\$ 8,728,261	\$ 10,815,693	\$ 9,584,760
Change in Net Assets					
Governmental activities	\$ (435,310)	\$ 2,624,080	\$ (1,141,383)	\$ 883,480	\$ 1,475,280
Business-type activities	2,783,846	1,543,179	1,408,326	355,900	(695,672)
Total primary government	\$ 2,348,536	\$ 4,167,259	\$ 266,943	\$ 1,239,380	\$ 779,608

This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.

Town of Highland
Government Activities Tax Revenues By Source
Fiscal Years 2003 - 2007
(accrual basis of accounting)

Fiscal Year	Property Tax	Excise Tax	Commercial				Cigarette Tax	Total
			Financial Institution Tax	Vehicle Excise Tax	ABC Gallons Tax	ABC Gallons Tax		
2003	\$ 5,655,269	\$ 519,823	\$ -	\$ -	\$ 47,963	\$ 47,963	\$ 23,215	\$ 6,246,270
2004	\$ 6,704,371	\$ 667,574	\$ 131,775	\$ 60,889	\$ 75,546	\$ 75,546	\$ 23,964	\$ 7,664,119
2005	\$ 7,078,601	\$ 542,153	\$ 71,815	\$ 32,727	\$ 62,426	\$ 62,426	\$ 19,851	\$ 7,807,573
2006	\$ 7,207,152	\$ 555,440	\$ 35,450	\$ 17,013	\$ 58,225	\$ 58,225	\$ 22,941	\$ 7,896,221
2007	\$ 7,828,469	\$ 607,315	\$ 60,268	\$ 35,520	\$ 60,436	\$ 60,436	\$ 22,555	\$ 8,614,563

This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.

TOWN OF HIGHLAND
Fund Balances of Governmental Funds
Fiscal Years 2003 - 2007
(modified accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
General fund				
Reserved	\$ 366,359	\$ 300,587	\$ 93,508	\$ 308,757
Unreserved	1,672,190	(2,538,179)	230,815	647,891
Total general fund	<u>\$ 2,038,549</u>	<u>\$ (2,237,592)</u>	<u>\$ 324,323</u>	<u>\$ 956,648</u>
				<u>\$ 1,586,369</u>
All other governmental funds				
Reserved	\$ 627,020	\$ 670,205	\$ 97,837	\$ 454,065
Unreserved, reported in:				
Special revenue funds	858,221	(13,861)	863,737	1,102,641
Capital projects funds	773,997	1,376,272	2,112,000	4,065,553
Debt service funds	553,143	259,206	541,058	800,155
Total all other governmental funds	<u>\$ 2,812,381</u>	<u>\$ 2,291,822</u>	<u>\$ 3,614,632</u>	<u>\$ 6,422,414</u>
				<u>\$ 5,586,885</u>

This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.

TOWN OF HIGHLAND
Changes in Fund Balances of Governmental Funds
Fiscal Years 2003 - 2007
(modified accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
Revenues			
Taxes	\$4,141,538	\$3,561,860	\$10,446,059
Special assessments	17,659	17,402	24,400
Licenses and permits	311,312	342,872	308,782
Intergovernmental	2,720,825	3,033,747	2,693,115
Charges for services	2,196,554	2,250,560	2,321,359
Fines and forfeits	14,905	56,663	16,201
Other	246,543	259,262	423,531
Total revenues	<u>9,649,336</u>	<u>9,522,366</u>	<u>16,233,447</u>
			<u>14,893,076</u>
			<u>\$7,753,356</u>
			<u>33,249</u>
			<u>413,616</u>
			<u>2,540,559</u>
			<u>2,306,150</u>
			<u>93,053</u>
			<u>718,570</u>
			<u>13,858,553</u>
Expenditures			
General government	2,343,457	1,544,967	1,348,605
Public safety	3,813,753	4,231,834	4,978,387
Highways and streets	973,398	836,254	961,537
Sanitation	1,250,587	1,437,584	1,433,711
Culture and recreation	1,697,503	1,641,600	1,747,652
Urban redevelopment and housing	43,316	63,510	91,599
Debt service			
Principal	840,000	925,000	1,000,000
Interest	311,762	278,173	231,879
Capital Outlay	1,577,333	290,281	1,860,995
Total expenditures	<u>12,851,109</u>	<u>11,249,203</u>	<u>13,654,365</u>
			<u>15,193,501</u>
			<u>(300,425)</u>
			<u>(582,467)</u>
Excess of revenues over (under) expenditures	(3,201,773)	(1,726,837)	2,579,082
Other financing sources (uses)			
Capital leases	-	-	80,690
Issuance of Debt	-	-	1,091,903
Transfers in	70,000	160,049	131,481
Transfers out	(70,000)	(160,049)	(131,481)
Temporary loans	267,276	-	-
Tax anticipation warrants received	7,775,237 *	-	-
Tax anticipation warrants repaid	(4,760,000) *	-	-
Total other financing sources (uses)	<u>3,282,513 *</u>	<u>-</u>	<u>1,172,593</u>
			<u>3,740,532</u>
Net change in fund balances	<u>\$ 80,740 *</u>	<u>\$ (1,726,837)</u>	<u>\$ 3,751,675</u>
			<u>\$ 3,440,107</u>
			<u>10.70%</u>
Debt service as a percentage of noncapital expenditures	10.22%	10.98%	10.45%

* A Prior Period Adjustment was made to the beginning January 1, 2004 balance that removed the Tax Anticipation Warrant line items which would affect the financing sources (uses) and change in fund. This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.

TOWN OF HIGHLAND
General Government Tax Revenues By Source
Fiscal Years 2003 - 2007
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>
2003	\$ 4,141,538
2004	3,561,860
2005	10,446,059
2006	\$8,205,190
2007	\$7,753,356

This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.

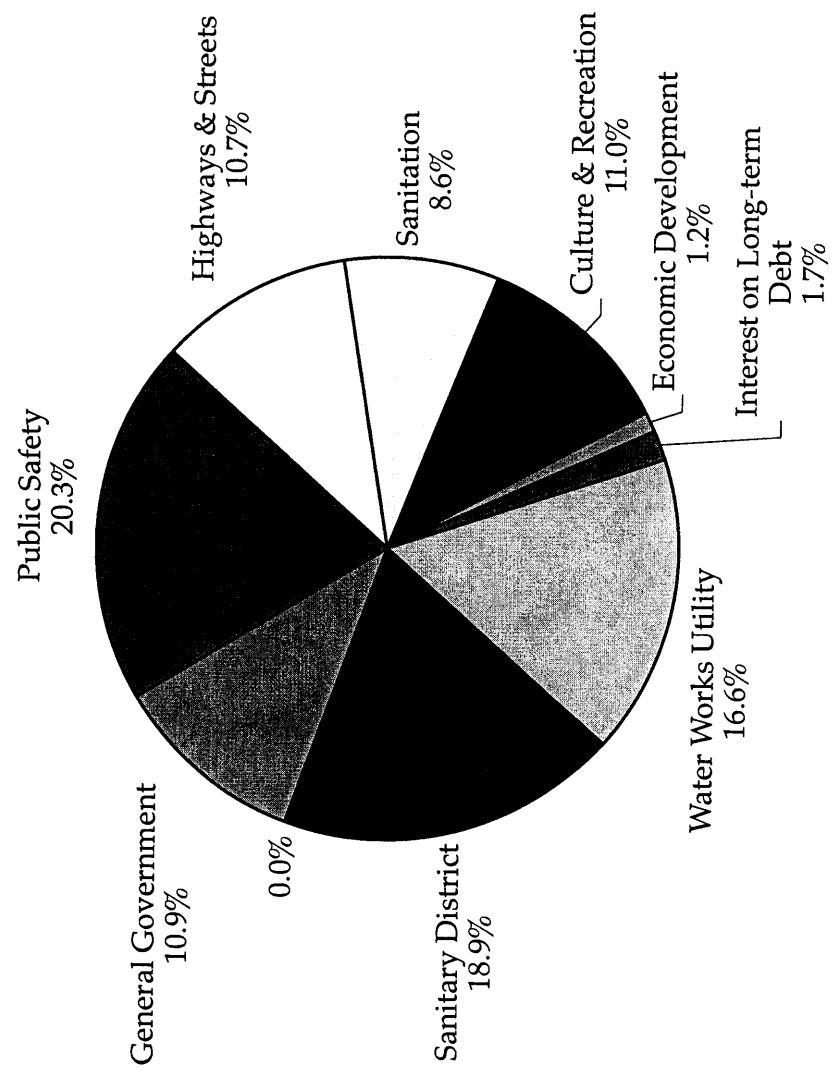
Town of Highland
Government-wide Expenses by Function
Fiscal Years FY 2003-2007

<u>Fiscal Year Ended Dec. 31</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Highways Streets & Roadways</u>	<u>Sanitation</u>	<u>Culture & Recreation</u>	<u>Economic Development</u>	<u>Interest on Long-term Debt</u>	<u>Water</u>	<u>Sanitary District</u>	<u>Total</u>
2007	\$ 2,119,504	\$ 3,962,975	\$ 2,076,600	\$ 1,683,635	\$ 2,140,247	\$ 241,781	\$ 334,506	\$ 3,229,142	\$ 3,686,723	\$ 19,475,113
2006	\$ 2,063,441	\$ 4,934,503	\$ 1,882,447	\$ 1,570,682	\$ 2,112,857	\$ 1,871,473	\$ 264,697	\$ 2,165,586	\$ 3,670,388	\$ 20,536,074
2005	\$ 1,442,017	\$ 6,325,184	\$ 2,341,114	\$ 1,433,711	\$ 2,023,220	\$ 239,839	\$ 211,452	\$ 2,292,223	\$ 2,676,647	\$ 18,985,407
2004	\$ 748,354	\$ 4,741,337	\$ 928,083	\$ 1,437,584	\$ 1,859,186	\$ 83,080	\$ 240,201	\$ 2,276,318	\$ 2,353,091	\$ 14,667,234
2003	\$ 1,500,498	\$ 4,424,506	\$ 2,473,525	\$ 1,250,587	\$ 1,545,834	\$ 396,885	\$ 272,319	\$ 3,016,042	\$ 2,636,038	\$ 17,516,234

Note: The schedule above is being developed according to the GASB 34 guidelines. Because the change significantly changed the manner of reporting, the report begins with 2003, the first effective year of the new model for Highland. Please consult a later page in the statistical section in order to see prior years, which does not reflect the new GASB 34 formatting convention.

<u>Fiscal Year Ended Dec. 31</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Highways Streets & Roadways</u>	<u>Sanitation</u>	<u>Culture & Recreation</u>	<u>Economic Development</u>	<u>Interest on Long-term Debt</u>	<u>Water</u>	<u>Sanitary District</u>	<u>Total</u>
2007	10.88%	20.35%	10.66%	8.65%	10.99%	1.24%	1.72%	16.58%	18.93%	100.00%
2006	10.05%	24.03%	9.17%	7.65%	10.29%	9.11%	1.29%	10.55%	17.87%	100.00%
2005	7.60%	33.32%	12.33%	7.55%	10.66%	1.26%	1.11%	12.07%	14.10%	100.00%
2004	5.10%	32.33%	6.33%	9.80%	12.68%	0.57%	1.64%	15.52%	16.04%	100.00%
2003	8.57%	25.26%	14.12%	7.14%	8.83%	2.27%	1.55%	17.22%	15.05%	100.00%

Government Wide Expenses by Function 2007



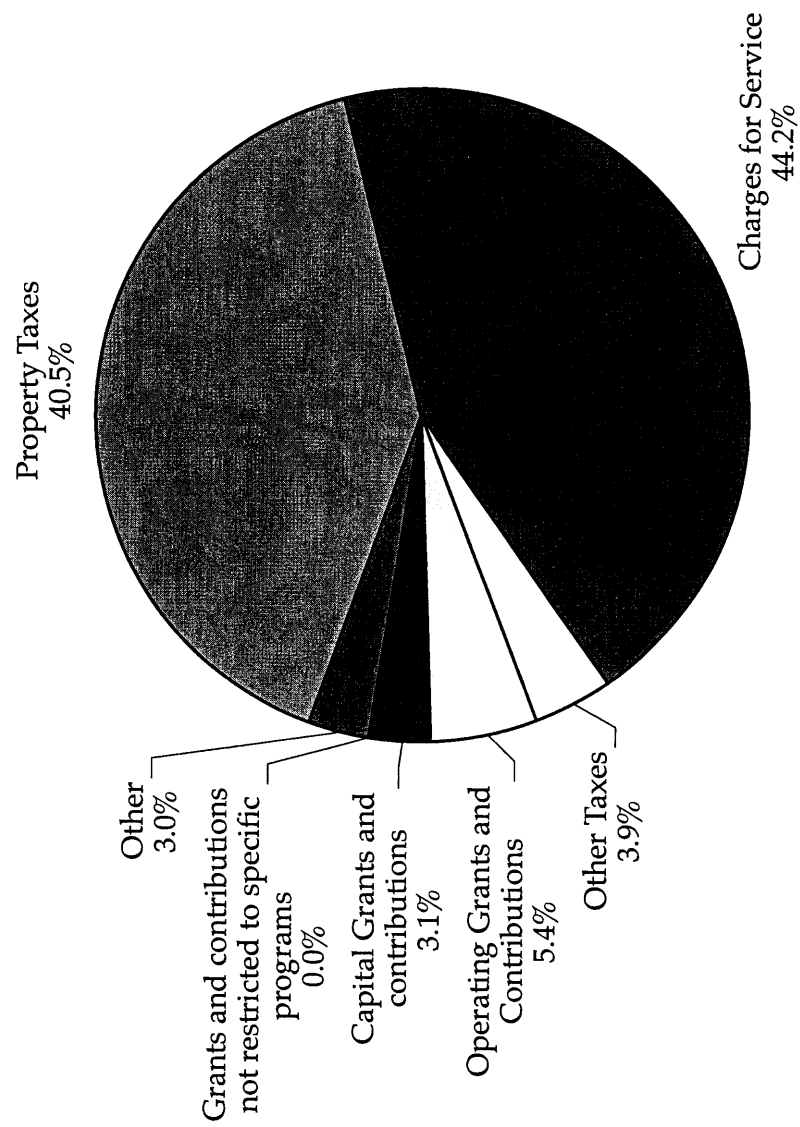
**Town of Highland
Government-wide Revenues
Fiscal Years 2003-2007**

Program Revenues				General Revenues				
Fiscal Year Ended Dec. 31	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Grants and Contributions Not Restricted to Specific Programs				Total
				Taxes	Other Taxes	Other		
2007	\$ 8,959,129	\$ 1,084,944	\$ 625,888	\$ 8,194,249	\$ -	\$ 786,094	\$ 604,417	\$ 20,254,721
2006	\$ 8,439,306	\$ 1,194,935	\$ 1,325,520	\$ 7,783,242	\$ -	\$ 689,069	\$ 2,343,382	\$ 21,775,454
2005	\$ 8,434,078	\$ 1,237,294	\$ 852,717	\$ 7,584,596	\$ -	\$ 728,972	\$ 414,693	\$ 19,252,350
2004	\$ 7,514,180	\$ 1,030,383	\$ 1,783,989	\$ 7,321,425	\$ -	\$ 1,027,645	\$ 163,874	\$ 18,841,496
2003	\$ 7,916,541	\$ 1,315,260	\$ 1,145,877	\$ 6,305,359	\$ 2,213,553	\$ 888,711	\$ 85,004	\$ 19,870,305
Note: The schedule above is being developed according to the GASB 34 guidelines. Because the change significantly changed the manner of reporting, the report begins with 2007 as the first effective year of the new model for Highland. Please consult a later page in the statistical section in order to see prior years, which does not reflect the new GASB 34 formatting convention.								
This includes governmental and business like activities								
2007	44.23%	5.36%	3.09%	40.46%	0.00%	3.88%	2.98%	100.00%
2006	38.76%	5.49%	6.09%	35.74%	0.00%	3.16%	10.76%	100.00%
2005	43.81%	6.43%	4.43%	39.40%	0.00%	3.79%	2.15%	100.00%
2004	39.88%	5.47%	9.47%	38.86%	0.00%	5.45%	0.87%	100.00%
2003	39.84%	6.62%	5.77%	31.73%	11.14%	4.47%	0.43%	100.00%

Note: The schedule above is being developed according to the GASB 34 guidelines. Because the change significantly changed the manner of reporting, the report begins with 2003, the first effective year of the new model for Highland. Please consult a later page in the statistical section in order to see prior years, which does not reflect the new GASB 34 formatting convention.

This includes governmental and business like activities

Revenue by Source for All Activities 2007 of the Primary Government



Town of Highland **General Government Expenditures by Function** **Last Ten Fiscal Years FY 1993-2002**

(Older reporting model)

Fiscal Year Ended Dec. 31	General Government	Public Safety	Highways Streets & Roadways	Sanitation	Culture & Recreation	Economic Development	Capital Outlay	Debt Service	Total
2002	\$ 2,009,089	\$ 3,370,235	\$ 1,090,722	\$ 1,352,727	\$ 1,596,102	\$ 47,336	\$ 1,498,669	\$ 1,620,077	\$ 12,584,957
2001	\$ 1,924,735	\$ 3,622,831	\$ 1,321,599	\$ 1,415,124	\$ 1,555,484	\$ 29,527	\$ 1,810,252	\$ 2,236,942	\$ 13,916,494
2000	\$ 1,924,458	\$ 3,501,112	\$ 1,476,152	\$ 1,251,220	\$ 1,461,771	\$ 19,552	\$ 2,761,496	\$ 2,270,615	\$ 14,666,376
1999	\$ 1,935,748	\$ 3,122,282	\$ 1,547,861	\$ 1,234,796	\$ 1,382,110	\$ 127,207	\$ 3,540,298	\$ 2,099,958	\$ 14,990,260
1998	\$ 1,868,555	\$ 3,046,558	\$ 1,179,535	\$ 1,258,746	\$ 1,246,164	\$ 70,005	\$ 2,991,823	\$ 2,064,978	\$ 13,726,364
1997	\$ 1,781,390	\$ 2,822,451	\$ 903,020	\$ 1,110,958	\$ 1,193,552	\$ 23,175	\$ 940,883	\$ 1,683,394	\$ 10,458,823
1996	\$ 1,691,750	\$ 3,113,115	\$ 942,246	\$ 1,143,378	\$ 1,094,634	\$ -	\$ 1,334,876	\$ 1,674,521	\$ 10,994,520
1995	\$ 3,038,878	\$ 2,537,414	\$ 806,594	\$ 260,003	\$ 1,043,186	\$ 25,667	\$ 786,937	\$ 1,551,561	\$ 10,050,240
1994	\$ 1,704,471	\$ 2,444,628	\$ 803,184	\$ 1,017,882	\$ 971,125	\$ -	\$ 932,033	\$ 1,491,948	\$ 9,365,271
1993	\$ 1,686,285	\$ 2,165,891	\$ 764,007	\$ 923,690	\$ 975,020	\$ -	\$ 878,374	\$ 1,439,513	\$ 8,832,780
2002	15.96%	26.78%	8.67%	10.75%	12.68%	0.38%	11.91%	12.87%	100.00%
2001	13.83%	26.03%	9.50%	10.17%	11.18%	0.21%	13.01%	16.07%	100.00%
2000	13.12%	23.87%	10.06%	8.53%	9.97%	0.13%	18.83%	15.48%	100.00%
1999	12.91%	20.83%	10.33%	8.24%	9.22%	0.85%	23.62%	14.01%	100.00%
1998	13.61%	22.19%	8.59%	9.17%	9.08%	0.51%	21.80%	15.04%	100.00%
1997	17.03%	26.99%	8.63%	10.62%	11.41%	0.22%	9.00%	16.10%	100.00%
1996	15.39%	28.32%	8.57%	10.40%	9.96%	0.00%	12.14%	15.23%	100.00%
1995	30.24%	25.25%	8.03%	2.59%	10.38%	0.26%	7.83%	15.44%	100.00%
1994	18.20%	26.10%	8.58%	10.87%	10.37%	0.00%	9.95%	15.93%	100.00%
1993	19.09%	24.52%	8.65%	10.46%	11.04%	0.00%	9.94%	16.30%	100.00%

Note: The schedule above includes General, Special Revenue, Debt Service, Capital Projects, as well as the Component Unit expenditures.

This schedule is based upon the older reporting model. It is presented until a full 10 years of data is gathered under the new reporting model.

Town of Highland
General Revenue by Source
Last Ten Fiscal Years 1993-2002
(Older reporting model)

Fiscal Year Ended Dec. 31	Taxes	Special Assessments	License & Permits	Inter- Government	Charges for Services	Fines & Forfeits	Misc.	Total
2002	\$ 6,138,352	\$ 76,071	\$ 249,686	\$ 2,818,967	\$ 2,155,283	\$ 75,410	\$ 326,070	\$ 11,839,839
2001	\$ 5,939,273	\$ 126,495	\$ 322,927	\$ 3,048,279	\$ 2,048,863	\$ 52,142	\$ 449,707	\$ 11,987,686
2000	\$ 7,186,825	\$ 3,751	\$ 294,241	\$ 2,642,260	\$ 1,850,124	\$ 49,179	\$ 516,311	\$ 12,542,691
1999	\$ 6,908,992	\$ 185,488	\$ 378,055	\$ 2,703,661	\$ 1,727,098	\$ 51,540	\$ 832,850	\$ 12,787,684
1998	\$ 6,677,808	\$ 22,149	\$ 496,297	\$ 3,060,723	\$ 1,711,965	\$ 48,712	\$ 1,139,496	\$ 13,157,150
1997	\$ 6,395,249	\$ -	\$ 362,263	\$ 1,831,143	\$ 1,675,852	\$ 58,965	\$ 914,875	\$ 11,238,347
1996	\$ 5,791,614	\$ -	\$ 343,605	\$ 1,584,060	\$ 1,620,364	\$ 68,813	\$ 255,310	\$ 9,663,766
1995	\$ 5,951,438	\$ -	\$ 331,577	\$ 1,341,060	\$ 1,463,374	\$ 435,087	\$ 327,800	\$ 9,850,336
1994	\$ 5,799,420	\$ -	\$ 338,507	\$ 1,203,105	\$ 1,124,529	\$ 171,814	\$ 535,009	\$ 9,172,384
1993	\$ 5,374,627	\$ -	\$ 185,230	\$ 1,438,774	\$ 1,349,225	\$ 90,957	\$ 299,037	\$ 8,737,850
2002	51.84%	0.64%	2.11%	23.81%	18.20%	0.64%	2.75%	100.00%
2001	49.54%	1.06%	2.69%	25.43%	17.09%	0.43%	3.75%	100.00%
2000	57.30%	0.03%	2.35%	21.07%	14.75%	0.39%	4.12%	100.00%
1999	54.03%	1.45%	2.96%	21.14%	13.51%	0.40%	6.51%	100.00%
1998	50.75%	0.17%	3.77%	23.26%	13.01%	0.37%	8.66%	100.00%
1997	56.91%	0.00%	3.22%	16.29%	14.91%	0.52%	8.14%	100.00%
1996	59.93%	0.00%	3.56%	16.39%	16.77%	0.71%	2.64%	100.00%
1995	60.42%	0.00%	3.37%	13.61%	14.86%	4.42%	3.33%	100.00%
1994	63.23%	0.00%	3.69%	13.12%	12.26%	1.87%	5.83%	100.00%
1993	61.51%	0.00%	2.12%	16.47%	15.44%	1.04%	3.42%	100.00%

Notes: The schedule includes General, Special Revenue, Debt Service, Capital Projects, as well as the Component Unit revenues.

This schedule is based upon the older reporting model. It is presented until a full 10 years of data is gathered under the new reporting model.

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Town of Highland
Total Property Taxes Levied and Collected
Includes Overlapping Jurisdictions
Last Ten Fiscal Years 1998-2007

Fiscal Year Ended Dec. 31	Net Current Taxes Levied	Collections	Delinquent Taxes Receivable	Percent of Levied Collected
2007	\$ 29,819,114	\$ 27,667,640	\$ 2,151,473	92.78%
2006	\$ 27,987,204	\$ 26,202,438	\$ 1,784,766	93.62%
2005	\$ 26,922,622	\$ 24,663,644	\$ 2,258,978	91.61%
2004	\$ 26,269,769	\$ 24,658,258	\$ 1,611,511 **	93.87%
2003	\$ 25,734,539	\$ 25,002,082	\$ 732,457 **	97.15%
2002	\$ 29,329,601	\$ 28,794,921	\$ 1,241,349 **	98.18%
2001	\$ 27,382,282	\$ 26,722,250	\$ 1,205,693 **	97.59%
2000	\$ 26,082,156	\$ 24,828,387	\$ 1,253,769	95.19%
1999	\$ 25,041,150	\$ 24,540,327	\$ 500,823	98.00%
1998	\$ 22,242,396	\$ 21,853,154	\$ 971,791	98.25%

Notes:

All years presented on Modified accrual basis.

* Source is the Lake County Auditor.

**Collections include in some cases penalties and late payments.

Delinquencies include receivables for current and prior years in some cases.

Net Current Taxes is the amount of taxes due after allowing the homestead, property tax replacement credits that the State pays for taxpayers as part of its relief program.

Town of Highland
Property Taxes Levied and Collected - Town of Highland
Last Ten Fiscal Years 1998-2007

Fiscal Year Ended Dec. 31	Levied	Collections	Delinquent Taxes Receivable	Percent of Levied Collected
2007	\$8,427,576	\$8,310,612	\$116,964	98.61%
2006	\$7,953,809	\$7,923,718	\$30,091	99.62%
2005	\$6,965,238	\$6,813,205	\$152,033	97.82%
2004	\$7,289,247	\$7,172,989	\$116,258	98.41%
2003	\$7,322,435	\$7,408,261	\$207,225	101.17%
2002	\$6,618,962	\$6,405,695	\$278,197	96.78%
2001	\$6,482,509	\$6,471,487	\$285,437	99.83%
2000	\$6,828,466	\$6,740,381	\$258,658	98.71%
1999	\$6,417,700	\$6,409,210	\$1,187,455	99.87%
1998	\$5,996,122	\$5,891,434	\$345,647	98.25%

The data is based upon information
provided by the Office of the Highland Clerk-Treasurer.

Town of Highland
Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years 1998-2007*

Funding Fiscal Year Ended Dec. 31	Actual Real Assessed Value	Net Real Estate Nonbus Personal Prop Assessed Value	Railroad, Utilities & Personal Prop Actual Assessed Value	Railroad, Utilities & Personal Prop Net Assessed Value	Total Net Assessed Value	Ratio of Total Assessed to Estimated Actual Value	Total Assessed value increase or (Decrease)	Percent of Increase	Difference Actual to Net Assessed Value
2007	\$ 1,747,958,900	\$ 1,250,627,481	\$ 59,366,480	\$ 58,010,110	\$ 1,308,637,591	100%	\$ 137,483,589	11.74%	\$ 498,687,789
2006	\$ 1,475,713,920	\$ 1,068,602,470	\$ 103,568,140	\$ 102,551,532	\$ 1,171,154,002	100%	\$ 2,304,157	0.20%	\$ 408,128,058
2005	\$ 1,468,814,190	\$ 1,063,924,855	\$ 105,932,410	\$ 104,924,990	\$ 1,168,849,845	100%	\$ (679,213)	-0.06%	\$ 405,896,755
2004	\$ 1,464,260,650	\$ 1,066,825,390	\$ 103,788,528	\$ 102,703,668	\$ 1,169,529,058	100%	\$ (7,528,162)	-0.64%	\$ 398,520,120
2003	\$ 1,458,363,300	\$ 1,073,011,720	\$ 105,009,360	\$ 104,045,500	\$ 1,177,057,220	100%	\$ 675,941,086	134.89%	** \$ 386,315,440
2002	\$ 539,061,865	\$ 404,169,264	\$ 97,821,560	\$ 96,946,870	\$ 501,116,134	100%	\$ 21,503,710	4.95%	* \$ 135,767,291
Funding Fiscal Year Ended Dec. 31	Real Assessed Value	Real Estimated Actual Value	Utilities & Personal Assessed Value	Utilities & Personal Estimated Actual Value	Total Assessed Value	Total Estimated Actual Value	Ratio of Total Assessed to Estimated Actual Value	Total Assessed value increase or (Decrease)	Percent of Increase
2001	\$ 175,198,590	\$ 525,595,770	\$ 31,670,970	\$ 95,012,910	\$ 159,870,808	\$ 479,612,424	33.33%	\$ 6,370,388	4.15%
2000	\$ 121,823,220	\$ 365,469,660	\$ 31,677,200	\$ 95,031,600	\$ 153,500,420	\$ 460,501,260	33.33%	\$ 8,676,560	5.99%
1999	\$ 116,660,730	\$ 349,982,190	\$ 28,163,130	\$ 84,489,390	\$ 144,823,860	\$ 434,471,580	33.33%	\$ 4,347,600	3.09%
1998	\$ 114,189,970	\$ 342,569,910	\$ 26,286,290	\$ 78,858,870	\$ 140,476,260	\$ 421,428,780	33.33%		

Note: Data per the Lake County Auditor's Office.

* Beginning in FY 2002, the State of Indiana taxed based upon 100% of the True Tax value of property instead of 33.33%. In addition, a general reassessment was conducted affecting values in FY 2003. This is presenting the value of the tax abstract. This is the assessed value used to generate a tax bill. This is not to be confused with Certified Assessed Value which is an estimate of AV used to fix tax rates.

**Town of Highland
Property Tax Rates
All Direct and Overlapping Governments
Last Ten Fiscal Years**

Year Ended Dec. 31	Highland Civil	Highland Sanitary* District	Lake County	North Township	Highland Schools	Library	State & All Other Taxing Units	Gross Total	Percent Increase or Decrease
2007	\$ 0.6211	\$ 0.0217	\$ 1.0152	\$ 0.0676	\$ 1.1562	\$ 0.1006	\$ 0.0024	\$ 2.9848	-8.674%
2006	\$ 0.6588	\$ 0.0188	\$ 1.1543	\$ 0.0744	\$ 1.2572	\$ 0.1024	\$ 0.0024	\$ 3.2683	6.675% **
2005	\$ 0.5806	\$ 0.0140	\$ 1.1254	\$ 0.0704	\$ 1.1667	\$ 0.1043	\$ 0.0024	\$ 3.0638	1.575%
2004	\$ 0.5990	\$ 0.0233	\$ 1.1530	\$ 0.0756	\$ 1.0561	\$ 0.1069	\$ 0.0024	\$ 3.0163	0.070%
2003	\$ 0.5875	\$ 0.0433	\$ 1.2029	\$ 0.0726	\$ 1.0145	\$ 0.0901	\$ 0.0033	\$ 3.0142	-51.353%
2002	\$ 1.2679	\$ 0.0799	\$ 1.9447	\$ 0.4110	\$ 2.3117	\$ 0.1776	\$ 0.0033	\$ 6.1961	-63.810%
2001	\$ 3.8086	\$ 0.2521	\$ 5.2314	\$ 0.3362	\$ 6.9488	\$ 0.5338	\$ 0.0100	\$ 17.1209	0.00%
2000	\$ 3.8625	\$ 0.5860	\$ 5.0002	\$ 0.3022	\$ 6.8330	\$ 0.5277	\$ 0.0100	\$ 17.1216	-0.98%
1999	\$ 3.5661	\$ 0.9202	\$ 5.0492	\$ 0.2801	\$ 6.9512	\$ 0.5140	\$ 0.0100	\$ 17.2908	9.20%
1998	\$ 3.6975	\$ 0.5875	\$ 4.2763	\$ 0.2758	\$ 6.4625	\$ 0.5240	\$ 0.0100	\$ 15.8336	-10.59%

Note: Data per the Lake County Auditor's Office.

Note: Rates are based per \$100 of net assessed valuation

* Component Unit

The gross rate has not been adjusted for Property Tax Replacement Credit

** Beginning in FY 2002 the state bases rates on 100 % of the True Tax value instead of the former 33 1/3 percent.

Town of Highland
Property Tax Rates of the Corporation
by Fund
Last Ten Fiscal Years FY 1998 to 2007

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Corporation General	\$ 0.3602	\$ 0.3960	\$ 0.3909	\$ 0.3541	\$ 0.3485	\$ 0.7517	\$ 2.1541	\$ 2.2630	\$ 2.0241	\$ 2.0371
Corp. Bond	\$ 0.0206	\$ 0.0263	\$ 0.0136	\$ 0.0141	\$ 0.0151	\$ 0.0245	\$ 0.1044	\$ 0.1444	\$ 0.0416	\$ 0.4017
Police Pension	\$ 0.0207	\$ 0.0174	\$ 0.0100	\$ 0.0171	\$ 0.0024	\$ 0.0405	\$ 0.1239	\$ 0.0729	\$ 0.1502	\$ 0.0588
Parks & Recreation	\$ 0.0805	\$ 0.0668	\$ 0.0719	\$ 0.0655	\$ 0.0720	\$ 0.1425	\$ 0.4467	\$ 0.3937	\$ 0.5136	\$ 0.3439
Park District Bond	\$ 0.0407	\$ 0.0581	\$ 0.0058	\$ 0.0417	\$ 0.0435	\$ 0.0948	\$ 0.2294	\$ 0.0719	\$ 0.0811	\$ 0.1620
Hydrant Rental	-	\$ 0.0128	-	\$ 0.0248	\$ 0.0230	\$ 0.0497	\$ 0.2121	\$ 0.1475	\$ 0.1748	\$ 0.1436
Sanitary District	\$ 0.0135	\$ 0.0145	\$ 0.0140	\$ 0.0135	\$ 0.0136	\$ 0.0221	\$ 0.0949	\$ 0.0944	\$ 0.0897	\$ 0.0577
Lease Rental Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sanitary District Bond	\$ 0.0082	\$ 0.0043	\$ -	\$ 0.0098	\$ 0.0297	\$ 0.0578	\$ 0.1572	\$ 0.4916	\$ 0.8305	\$ 0.5298
Public Works Bldg Corp.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.0666	\$ 0.0835	\$ 0.0672
Cum. Cap. Development	\$ 0.0370	\$ 0.0146	\$ 0.0146	\$ 0.0146	\$ 0.0146	\$ 0.0330	\$ 0.0990	\$ 0.0990	\$ 0.0990	\$ 0.0990
Water District Bond	\$ 0.0003	\$ 0.0250	\$ 0.0202	\$ 0.0220	\$ 0.0223	\$ 0.0497	\$ 0.1648	\$ 0.1719	\$ 0.0703	\$ 0.0844
Parks Bldg Corp. Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.1708	\$ 0.0947	\$ 0.1977
Redevelopment Gen.	\$ 0.0088	\$ 0.0103	\$ 0.0048	\$ 0.0032	\$ 0.0016	\$ 0.0023	\$ 0.0489	\$ 0.0355	\$ 0.1002	\$ 0.1021
Redevelopment Bond.	\$ 0.0491	\$ 0.0270	\$ 0.0366	\$ 0.0370	\$ 0.0391	\$ 0.0662	\$ 0.2253	\$ 0.2253	\$ 0.1330	\$ -
Redevelopment Capital.	\$ 0.0032	\$ 0.0045	\$ 0.0037	\$ 0.0049	\$ 0.0054	\$ 0.0130	\$ -	\$ -	\$ -	\$ -
Total Corporation:	\$0.6428	\$0.6776	\$0.5861	\$0.6223	\$0.6308	\$1.3478	\$4.0607	\$4.4485	\$4.4863	\$4.2850
Total Tax Rate*:	\$ 2.9848	\$ 3.2683	\$ 3.0638	\$ 3.0163	\$ 3.0142	\$ 6.1961	\$ 17.1209	\$ 17.1216	\$ 17.2908	\$ 15.8336

Note: Data per the Lake County Auditor's Office.

Note: Rates are based per \$100 of net assessed valuation

Note: Sanitary District is a Component Unit is listed above.

* Total Rate includes rates of overlapping taxing units, net of state property tax replacement credit.

*** Beginning in FY 2002 the state bases rates on 100 % of the True Tax value instead of the former 33 1/3 percent.

**** Assessed valuation affected by general reassessment.

Town of Highland
Ten Largest Taxpayers
Current Year and Nine Years Ago

2007					
Taxpayer	Product or Service	Real & Impmnt Assessed Value	Personal Property Assessed Value	Total Assessed Value	Percent of Town's Tax Base
Hampton - In - Highland	Rental Housing Association	\$ 19,481,700	\$ -	\$ 19,481,700	1.67%
Meijer's Stores	Retail Hypermarket	\$ 12,948,200	\$ -	\$ 12,948,200	1.11%
ATG Development Corp.	Developer	\$ 12,713,600		\$ 12,713,600	1.09%
Highland Grove, L.L.C.	Shopping Center	\$ 12,511,300	\$ -	\$ 12,511,300	1.07%
Dayton Hudson (Target)	Retailer Department Store	\$ 5,506,100		\$ 5,506,100	0.47%
ACME Markets Jewel Foods	Retail Grocer	\$ 5,005,500		\$ 5,005,500	0.43%
Opus North Development	Retail Shopping Mall	\$ 4,240,400		\$ 4,240,400	0.36%
SVC, LLC	Warehousing	\$ 1,228,900		\$ 1,228,900	0.11%
Indiana Bell (SBC)	Telephone Utility		\$ 443,700	\$ 443,700	0.04%
Northern Indiana Public Service Co	Natural Gas/Electric Utility	\$ -	\$ 1,144,600	\$ 1,144,600	0.10%
		<u>\$73,635,700.</u>	<u>\$1,588,300.</u>	<u>\$75,224,000.</u>	6.44%

1998					
Taxpayer	Product or Service	Real & Impmnt Assessed Value	Personal Property Assessed Value	Total Assessed Value	Percent of Town's Tax Base
Hampton - In - Highland	Rental Housing Association	\$ 3,199,170		\$ 3,199,170	2.29% **
Strack & Van Til	Retail Grocer	\$ 2,521,950	\$ -	\$ 2,521,950	1.80%
Highland Grove Shopping Center	Retail Mall	\$ 2,482,590	\$ -	\$ 2,482,590	1.77%
Indiana Bell	Telephone Utility	\$ 2,428,560		\$ 2,428,560	1.73%
Terry Shaver Pontiac, Inc.	Automobile Retailer	\$ 2,037,790		\$ 2,037,790	1.45%
Northern Indiana Public Service Co	Natural Gas/Electric Utility		\$ 2,021,760	\$ 2,021,760	1.44%
Webb Ford	Automobile Retailer	\$ 1,638,270		\$ 1,638,270	1.17%
Dayton-Hudson Corp. (Target)	Retail Department Store	\$ 1,431,390		\$ 1,431,390	1.01%
Griffland Center, Inc	Retail & Strip Mall	\$ 1,204,960	\$ -	\$ 1,204,960	0.86%
Christenson Chevrolet	Automobile Retailer	\$ 1,031,400		\$ 1,031,400	0.73%
		<u>\$17,976,080.</u>	<u>\$2,021,760.</u>	<u>\$59,993,520.</u>	14.23%

** In order to make assessed values seem equivalent, the values in 1998 are multiplied by 3.

In 1998 the assessed value used "true tax" as basis for valuation.

In 2007, assessed value employs a procedure to attain to market value. This may account for some of the variation.

Source: Office of the Lake County Assessor

Town of Highland
Ratio of Net Bond Debt and Note Debt to Assessed Value
and Net Bond and Note Debt per Capita
Last Ten Fiscal Years FY 1998 to 2007

<u>Fiscal Year Ended Dec. 31</u>	<u>Population</u>	<u>Assessed Value for Subsequent Debt Reduction</u> **	<u>Gross Bond & Note Debt</u>	<u>Less Debt Service Funds</u>	<u>Net Bond & Note Debt</u>	<u>Net Bond & Note Debt to Assessed Value</u>	<u>Net Bond & Note Debt per Capita</u>
2007	23,546	\$1,308,637,591	\$ 10,100,611	\$ 1,811,630	\$ 8,288,981	0.6334%	\$352
2006	23,546	\$1,171,154,002	\$ 7,561,367	\$ 1,076,406	\$ 6,484,961	0.5537%	\$275
2005	23,546	\$1,168,849,845	\$ 5,208,731	\$ 1,312,064	\$ 3,896,667	0.3334%	\$165
2004	23,546	\$1,169,529,058	\$ 4,040,000	\$ 684,871	\$ 3,355,129	0.2869%	\$142
2003	23,546	\$1,177,057,220	\$ 5,615,000	\$ 1,168,135	\$ 4,446,865	0.3778%	\$189
2002	23,546	\$167,038,711	\$ 7,322,818	\$ 1,774,341	\$ 5,548,477	3.3217%	\$236
2001	23,696	\$159,870,808	\$ 7,840,537	\$ 1,708,627	\$ 6,131,910	3.8355%	\$259
2000	23,696	\$153,500,420	\$ 8,898,380	\$ 2,282,639	\$ 6,615,741	4.3099%	\$279
1999	23,696	\$144,823,860	\$ 10,566,223	\$ 2,022,881	\$ 8,543,342	5.8991%	\$361
1998	23,696	\$140,476,260	\$ 9,335,515	\$ 1,685,391	\$ 7,650,124	5.4458%	\$323

* Includes General Obligation as well as a Note obligation of the Municipality
Amounts above include the Sanitary and Water District as well as the General Obligation Debt of the Corporation.

** For the purpose of evaluating debt, Indiana actually still relies on 1/3 the assessed value to determine permissible debt limits under Indiana Const. Article XIII. Confer IC 36-1-15-4 called adjusted value.

No Revenue Debt is included.
This does not include temporary Loans for cash flow purposes as these are short term debt.

Using Certified Assessed Valuation

True Tax Assessed Value: 1,311,072,791
Adjusted Value: \$ 437,024,264

**Town of Highland
Computation of Legal Debt Margin
at December 31, 2007**

	Corporation Town of Highland	Parks & Rec. District	Redevelopment District	Waterworks District	Sanitary District
Assessed Valuation	437,024,264	437,024,264	437,024,264	437,024,264	437,024,264
Debt Limit Percentage	2.00%	2.00%	2.00%	8.00%	12.00%
Debt Limit	\$ 8,740,485	\$ 8,740,485	\$ 8,740,485	\$ 34,961,941	\$ 52,442,912
Bonds Outstanding	\$ 1,128,903	\$ 1,850,000	\$ 2,595,000	\$ -	\$ 4,500,000
Subtotal	\$ 7,611,582	\$ 6,890,485	\$ 6,145,485	\$ 34,961,941	\$ 47,942,912
Amount Available in					
Debt Service Fund	\$ 278,159	* \$ 451,325	\$ 568,144	\$ 574,881	\$ 6,053
Legal Debt Margin	\$ 7,889,741	\$ 7,341,810	\$ 6,713,629	\$ 35,536,822	\$ 47,948,965

* This fund now pays both special taxing district debt as well as capital lease payments made pursuant to I.C. 36-1-10, to the Parks and Recreation Building Corporation, which is a blended component unit of the municipality. The municipality supports the corporation's debt service through a capital lease. The Bonds outstanding represent only those that are obligations of the special taxing district. It does not include the Revenue or Mortgage Debt of the Holding Corp. Lease rental supports the debt service payments and the eventual acquisition of the facility held by the corporation.

Please Note: The civil town debt limit is established by the Indiana Constitution (Article XIII debt). The debt of the other entities is considered debt incurred by political subdivisions with special taxing districts. These are considered statutory debt limits and that is why the debt limit percentage can exceed the 2% limit of the municipal corporation.

- ▲ For the purpose of evaluating debt, Indiana actually still relies on 1/3 the assessed value to determine permissible debt limits under Indiana Const. Article XIII. The Certified AV is 1,311,072,791. This is distinguished from the Tax Abstract Assessed Valuation which is depicted on Confer IC 36-1-15-4 called adjusted value.

Town of Highland
Computation of Direct and Overlapping Debt
Payable from or backed by Property Taxes
as of December 31, 2007

	<u>Assessed Valuation</u>	<u>Bonds Outstanding</u>	<u>Percent Applicable to Highland</u>	<u>Amount Applicable to Highland</u>
Town of Highland*	\$ 1,311,072,791	\$ 10,100,611	100.00%	\$ 10,100,611
School Town of Highland	\$ 1,311,072,791	\$ 30,489,468	100.00%	\$ 30,489,468
	Subtotal:	\$ 40,590,079	Subtotal:	\$ 40,590,079
Indirect or overlapping Debt				
North Township	\$ 7,189,678,990	\$ -	18.24%	\$ -
Lake County Library	\$ 13,520,466,635	\$ 28,090,000	9.70%	\$ 2,723,873
Lake County	\$ 23,113,199,584	\$ 79,717,439 **	5.67%	\$ 4,521,891
	Subtotal:	\$ 107,807,439	Subtotal:	\$ 7,245,764
	Grand Total	\$ 148,397,518	Grand Total	\$ 47,835,843
				32.23%

* Includes Parks District, Redevelopment District, Sanitary District and that portion of Water District Bonds payable from property taxes.

** Amount includes a \$ 7,975,000 property tax backed bond issue for which riverboat gaming revenues will be largely used for debt service. It also includes a revenue (mortgage) bond for the Juvenile Facility in the amount of \$12,990,000. It is included because the lease is tied to a property levy.

The Town of Highland through its Parks & Recreation Bldg. Corp has outstanding revenue debt in the amount of \$1,400,000
Sources: Lake County Auditor and
Office of the Highland Clerk-Treasurer

Town of Highland
Ratio of Annual Debt Service Expenditures
for Governmental Bond and Note Debt to Governmental Expenditures
Last Ten Fiscal Years 1998 to 2007

Fiscal Year Ended Dec. 31	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Services to General Expenditures
2007	\$779,000.	\$367,198.	\$1,146,198.	\$12,559,248.	9.13%
2006	\$1,084,000.	\$226,404.	\$1,310,404.	\$14,700,100.	8.91%
2005	\$1,000,000.	\$231,879.	\$1,231,879.	\$14,016,537.	8.79%
2004	\$925,000.	\$278,173.	\$1,203,173.	\$10,044,825.	11.98%
2003	\$840,000.	\$311,762.	\$1,151,762.	\$11,869,689.	9.70%
2002	\$1,215,000.	\$405,077.	\$1,620,077.	\$12,584,987.	12.87%
2001	\$1,795,000.	\$441,942.	\$2,236,942.	\$13,916,494.	16.07%
2000	\$1,750,000.	\$520,615.	\$2,270,615.	\$14,666,376.	15.48%
1999	\$1,732,000.	\$367,958.	\$2,099,958.	\$14,990,260.	14.01%
1998	\$1,405,000.	\$659,978.	\$2,064,978.	\$13,726,364.	15.04%

General Expenditures includes the governmental activities and excludes the business type expenditures.

Governmental debt service excludes debt service of the utilities.

Town of Highland
Ratio of Annual Debt Service Expenditures
for Business Type (Utilities) Bond and Note Debt to Business Type (Utilities) Expenditures

Fiscal Year Ended Dec. 31	Principal	Interest	Total Debt Service	Total Utilities' Expenditures	Ratio of Debt Services to Utilities' Expenditures
2007	\$397,000.	\$53,842.	\$450,842.	\$6,915,865.	6.52%
2006	\$513,000.	\$62,998.	\$575,998.	\$5,835,974.	9.87%
2005	\$865,000.	\$68,500.	\$933,500.	\$4,968,870.	18.79%
2004	\$1,370,000.	\$125,985.	\$1,495,985.	\$4,629,409.	32.31%
2003	\$1,300,000.	\$237,724.	\$1,537,724.	\$5,652,080.	27.21%

These exclude capital lease purchases

This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.

**Town of Highland
Revenue Bond Coverage
Water Utility
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Operating Revenues</u>	<u>Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2006	\$ 2,531,464	\$ 2,143,308	\$ 388,156	\$ 190,000	\$ 5,415	1.99
2005	\$ 2,708,956	\$ 2,168,476	\$ 540,480	\$ 615,000	\$ 36,730	0.83
2004	\$ 2,530,590	\$ 2,107,284	\$ 423,306	\$ 580,000	\$ 69,195	0.65
2003	\$ 3,171,106	\$ 2,761,550	\$ 409,556	\$ 550,000	\$ 163,784	0.57
2002	\$ 2,607,978	\$ 2,055,698	\$ 552,280	\$ 520,000	\$ 126,875	0.85
2001	\$ 2,496,122	\$ 2,084,923	\$ 411,199	\$ 500,000	\$ 152,760	0.63
2000	\$ 2,411,382	\$ 1,923,141	\$ 488,241	\$ 470,000	\$ 176,761	0.75
1999	\$ 2,424,520	\$ 2,053,293	\$ 371,227	\$ 450,000	\$ 200,696	0.57
1998	\$ 2,308,675	\$ 1,715,655	\$ 593,020	\$ 440,000	\$ 219,618	0.90
1997	\$ 2,185,484	\$ 1,663,771	\$ 521,713	\$ 405,000	\$ 238,395	0.81

Coverage is the Ratio of Net Revenue to Total Debt Service Required for the period. As the number equals or exceeds one, the ratio is considered favorable.

It should be noted that the revenue debt was fully matured January 2006.

The excludes Special Taxing District Debt which is repaid with an unlimited ad valorem tax.

Town of Highland
Revenue Bond Coverage
Parks and Recreation Building Corporation
A blended component unit of the municipality

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2007	\$ 79,746	\$ 5,874	\$ 73,872	\$ 180,000	\$ 76,948	0.29
2006	\$ 79,472	\$ 5,451	\$ 74,021	\$ 165,000	\$ 85,788	0.30
2005	\$ 77,920	\$ 5,672	\$ 72,248	\$ 155,000	\$ 93,987	0.29
2004	\$ 77,189	\$ 8,728	\$ 68,461	\$ 140,000	\$ 101,548	0.28
2003	\$ 75,363	\$ 120,179	\$ (44,816)	\$ 130,000	\$ 108,466	-0.19
2002	\$ 74,358	\$ 8,222	\$ 66,136	\$ 120,000	\$ 114,872	0.28
2001	\$ 73,262	\$ 24,638	\$ 48,624	\$ 110,000	\$ 120,753	0.21
2000	\$ 78,001	\$ 16,210	\$ 61,791	\$ 105,000	\$ 126,234	0.27
1999	\$ 77,327	\$ 9,077	\$ 68,250	\$ 95,000	\$ 131,335	0.30

Coverage is the Ratio of Net Revenue to Total Debt Service Required for the period. As the number equals or exceeds one, the ratio is considered favorable.

The corporation as an entity did not exist prior to 1998.

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Town of Highland **List of Largest Employers in Highland** **Current Year and Nine Years Ago**

2007		
Employer	Type of Business	Reported Employment
Strack & Van Til/Ultra Foods, Inc.	Groceries/Warehouse	599 (1)
Meijer's	Groceries	400
School Town of Highland	Public Education K-12	408 (2)
Emcor/Hyre Electric Company	Electrical Services Contractor	350
Town of Highland	Municipal Government	268 (3)
Target Store (Dayton Hudson)	Retailer	249
Kohl's Department Store	Retailer	180
Patrick's Pros	Party Organizer	125
Allen's Landscape Construction	Garden Center	90
Webb Ford, Inc.	Auto Dealership	85
Old Country Buffet	Restaurant	80
Bennigan's	Restaurant	80
AMS Mechanical Systems	Mechanical Contractor	80
First Financial Bank	Financial Services/Banking	63
1998		
Employer	Type of Business	Reported Employment
Ultra Foods, Inc./Strack & Van Til's	Retail grocer	470
School Town of Highland	Public Education K-12	391 (2)
JWP/Hire Electric Company	Electrical Contractor	360
Target Stores, Inc.	Retailer	210
Jewel Food Store	Retail grocer	175
Kohl's Department Store	Retailer	170
Town of Highland	Municipal Government	160 (4)
Feldhouse, Inc.	HVAC Contractor	150
General Maintenance, Inc.	Building Care/Maintenance	91
Webb Ford, Inc.	Auto Dealership	80
Terry Shaver Pontiac, Inc.	Auto Dealership	80
Thomas Dodge of Highland	Auto Dealership	75
Christenson Chevrolet, Inc.	Auto Dealership	66

- (1) Total includes employees at Strack & Van Til store and corporate offices; and employees at Ultra Foods.
- (2) This total includes certified teachers, administrators and non-certified employees
- (3) Of the 268 total employees, 114 are full-timeworkers, one is a full-time elected official, 34 are part-time officials, 33 are part-time firefighters and 87 other part-time workers. Firefighters are paid on demand when needed but are on call 24 hours a day.
- (4) Of the 160 total employees, one is a full-time elected official, 48 are part-time firefighters. Firefighters are paid on demand when needed but are on call 24 hours a day.

Town of Highland Largest Employers in Highland Area 2007

<u>Employer</u>	<u>Location</u>	<u>Product or Service</u>	<u>Employment Reported</u>
Mittal Steel (Formerly Ispat/Inland Steel & ISG)	East Chicago	Steel Manufacturing	9,000
US Steel Gary Works (USX)	Gary	Steel Manufacturing	8,500
Methodist Hospital	Gary/Merrillville	Hospital/Medical Services	3,260
St. Margaret Mercy Hospital	Dyer/Hammond	Hospital/Medical Services	2,859
Northern Indiana Public Service	Merrillville	Electric/Gas Utility	2,800
The Community Hospital	Munster	Hospital/Medical Services	2,800
Horse Shoe Casino	Hammond	Entertainment/Gaming	2,200
Resorts Casino	East Chicago	Entertainment/Gaming	1,800
St. Anthony Medical Center	Crown Point	Hospital/Medical Services	1,600
BP Amoco	Whiting	Oil Refinery	1,500
Majestic Star I & II Casinos	Gary	Entertainment/Gaming	1,400
St. Catherine Medical Center	East Chicago	Hospital/Medical Services	1,000
St. Mary Medical Center	Hobart	Hospital/Medical Services	950
Hammond Clinic, Inc.	Munster	Hospital/Medical Services	600
Radisson/ Star Plaza	Merrillville	Hotel/Entertainment	520
Elgin Joliet & Eastern Railway	Whiting	Railroad	500
The TIMES	Hammond	Newspaper/Media	500

Sources: Reference USA

Lexis Nexus Academic

Hoovers, Inc.

US Business Directory

Northwestern Indiana Regional Planning Commission

**Town of Highland
Schedule of Building Permits
Last Ten Fiscal Years FY 1997 to 2007**

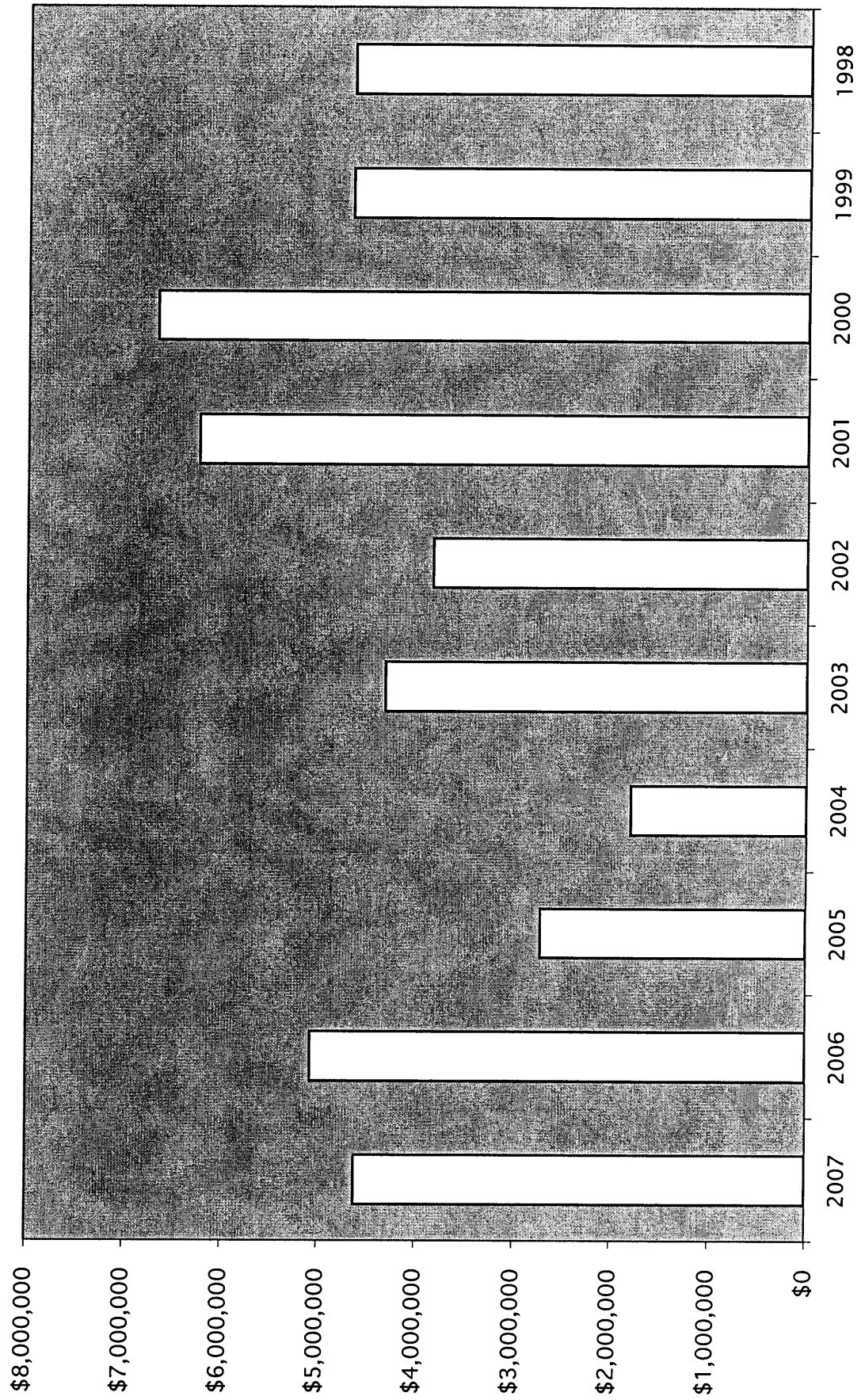
Year	Residential		Multiple Family	
	Single Family Permits	Value	Permits	Value
2007	22	\$ 4,619,269	0	\$ -
2006	26	\$ 5,079,102	1	\$ 247,000
2005	18	\$ 2,716,425	1	\$ 240,000
2004	12	\$ 1,796,000	4	\$ 2,300,000
2003	25	\$ 4,316,252	2	\$ 900,000
2002	21	\$ 3,827,454	3	\$ 1,060,000
2001	48	\$ 6,240,724	9	\$ 2,610,000
2000	43	\$ 6,674,505	13	\$ 3,546,210
1999	30	\$ 4,670,500	48	\$ 17,275,180
1998	30	\$ 4,661,128	66	\$ 19,874,500

Year	Institutional, Commercial, Industrial		Miscellaneous		Totals	
	Permits	Value	Permits	Value	Permits	Value
2007	3	\$ 754,739 *	1,569	\$ 4,598,784	1,594	\$ 9,972,792
2006	3	\$ 2,097,900 *	1,343	\$ 8,703,530	1,373	\$ 16,127,532
2005	3	\$ 4,500,000	985	\$ 6,589,561	1,007	\$ 14,045,986
2004	6	\$ 6,596,000	916	\$ 6,942,428	938	\$ 17,634,428
2003	2	\$ 701,235	851	\$ 6,444,562	880	\$ 12,362,049
2002	2	\$ 922,000	803	\$ 5,665,596	829	\$ 11,475,050
2001	4	\$ 3,392,500	802	\$ 5,040,664	863	\$ 17,283,888
2000	10	\$ 3,033,133	671	\$ 4,163,324	737	\$ 17,417,172
1999	6	\$ 6,381,125	573	\$ 4,907,342	657	\$ 33,234,147
1998	4	\$ 9,056,756	669	\$ 11,137,059	769	\$ 44,729,443

Note: Data from annual building reports prepared by building commissioner.

* Institutional Value above includes Reconstruction at Main Square Park and its Gazebo plus other improvements amounting to \$897,900

Residential Building Permits



**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2007**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	599,141	\$488,127	42.95%
Hampton in Highland	Apartment Complex	18,336	\$28,815	1.31%
School Town of Highland	Public Schools	8,150	\$19,196	0.58%
Porte d' leau	Town House Assn	10,821	\$17,525	0.78%
Meijer Inc., #170A	Retail Grocer	6,386	\$8,947	0.46%
Meyers Development Corp.	Commercial/Condo	5,454	\$11,117	0.39%
Wildwood Condo Association	Condominiums	4,216	\$9,223	0.30%
Georgetown Condos	Condominiums	4,580	\$8,926	0.33%
Pleasant View Dairy	Dairy Products	6,552	\$8,915	0.47%
ATG/Embassy Place	Condominiums	4,706	\$8,222	0.34%

Note: Total billed flow for the 12 months ending December 31, 2007, was 1,395,119,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2006**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	534,292	\$402,321	38.56%
Hampton in Highland	Apartment Complex	18,890	\$28,399	1.36%
Porte d' leau	Town House Assn	9,646	\$15,711	0.70%
Meijer Inc., #170A	Retail Grocer	8,020	\$10,932	0.58%
School Town of Highland	Public Schools	7,271	\$18,133	0.52%
Pleasant View Dairy	Dairy Products	6,702	\$9,044	0.48%
Meyers Development Corp.	Commercial/Condo	5,743	\$11,097	0.41%
Wildwood Condo Association	Condominiums	4,788	\$9,883	0.35%
ATG/Embassy Place	Condominiums	4,424	\$8,656	0.32%
Georgetown Condos	Condominiums	3,898	\$7,419	0.28%

Note: Total billed flow for the 12 months ending December 31, 2006, was 1,385,768,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2005**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	596,555	\$423,385	42.87%
Hampton in Highland	Apartment Complex	21,092	\$32,006	1.52%
School Town of Highland	Public Schools	8,806	\$17,187	0.63%
Porte d' leau	Town House Assn	10,593	\$16,492	0.76%
Pleasant View Dairy	Dairy Products	8,172	\$10,937	0.59%
Meyers Development Corp.	Commercial/Condo	5,112	\$10,303	0.37%
Meijer Inc., #170A	Retail Grocer	7,274	\$10,172	0.52%
Wildwood Condo Association	Condominiums	4,768	\$9,290	0.34%
ATG/Embassy Place	Condominiums	4,152	\$7,419	0.30%
Georgetown Condos	Condominiums	3,898	\$7,867	0.28%

Note: Total billed flow for the 12 months ending December 31, 2005, was 1,556,798,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2004**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	518,251	\$400,245	37.25%
Hampton in Highland	Apartment Complex	21,776	\$ 33,147	1.57%
Porte d' leau	Town House Assn	9,644	\$ 17,790	0.69%
Pleasant View Dairy	Dairy Products	9,600	\$ 12,888	0.69%
School Town of Highland	Public Schools	9,188	\$ 19,240	0.66%
Meijer Inc., #170A	Retail Grocer	6,655	\$ 9,151	0.48%
Meyers Development Corp.	Commercial/Condo	4,886	\$ 9,644	0.35%
Wildwood Condo Association	Condominiums	4,233	\$ 9,185	0.30%
Georgetown Condos	Condominiums	3,603	\$ 6,830	0.26%
Les Chateau	Condominiums	3,723	\$ 6,724	0.27%

Note: Total billed flow for the 12 months ending December 31, 2004, was 1,391,411,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2003**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	483,119	\$373,113	35.36%
Hampton in Highland	Apartment Complex	22,736	\$ 34,505	1.66%
School Town of Highland	Public Schools	10,139	\$ 19,757	0.74%
Porte d' leau	Town House Assn	9,450	\$ 15,341	0.69%
Pleasant View Dairy	Dairy Products	8,734	\$ 11,719	0.64%
Meyers Development Corp.	Commercial/Condo	5,092	\$ 10,064	0.37%
Meijer Inc., #170A	Retail Grocer	4,545	\$ 6,180	0.33%
Wildwood Condo Association	Condominiums	4,425	\$ 9,543	0.32%
Spot Not Car Wash	Car wash	4,003	\$ 5,417	0.29%
Les Chateau	Condominiums	3,851	\$ 7,054	0.28%

Note: Total billed flow for the 12 months ending December 31, 2003, was 1,366,408,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2002**

<u>User</u>	<u>Business</u>	<u>Consumption (1,000 Gallons)</u>	<u>Billed Revenue</u>	<u>Percentage of Billed Flow</u>
Town of Dyer	Municipality	525,302	\$405,691	34.71%
Hampton in Highland	Apartment Complex	24,509	\$ 36,662	1.62%
School Town of Highland	Public Schools	10,922	\$ 21,030	0.72%
Porte d' leau	Town House Assn	9,478	\$ 14,387	0.63%
Pleasant View Dairy	Dairy Products	8,881	\$ 13,202	0.59%
Meyers Development Corp.	Commercial/Condo	5,185	\$ 10,257	0.34%
Meijer Inc., #170A	Retail Grocer	4,545	\$ 6,180	0.30%
Wildwood Condo Association	Condominiums	4,418	\$ 9,876	0.29%
ATG/Embassy Place	Condominiums	4,370	\$ 8,492	0.29%
Les Chateau	Condominiums	4,097	\$ 7,522	0.27%

Note: Total billed flow for the 12 months ending December 31, 2002, was 1,513,394,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2001**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	453,166	\$376,955	32.45%
Hampton in Highland	Apartment Complex	23,592	\$ 35,149	1.69%
School Town of Highland	Public Schools	10,799	\$ 26,759	0.77%
Pleasant View Dairy	Dairy Products	8,335	\$ 11,159	0.60%
Porte d' leau	Town House Assn	7,596	\$ 12,692	0.54%
Meyers Development Corp.	Commercial/Condo	6,570	\$ 12,612	0.47%
Spot-Not Car Wash	Car Wash	5,064	\$ 6,790	0.36%
ATG/Embassy Place	Condominiums	4,840	\$ 8,830	0.35%
Ultra Foods	Retail Grocer	4,072	\$ 5,715	0.29%
Les Chateau	Condominiums	3,990	\$ 7,064	0.29%

Note: Total billed flow for the 12 months ending December 31, 2001, was 1,396,439,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2000**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	462,988	\$357,566	34.04%
Hampton in Highland	Apartment Complex	25,552	\$38,096	1.88%
School Town of Highland	Public Schools	10,613	\$21,523	0.78%
Pleasant View Dairy	Dairy Products	8,922	\$11,918	0.66%
Porte d' leau	Town House Assn	8,633	\$14,471	0.63%
Spot-Not Car Wash	Car Wash	5,200	\$7,470	0.38%
ATG/Embassy Place	Condominiums	5,175	\$8,994	0.38%
Meyers Development Corp.	Commercial/Condo	5,065	\$9,979	0.37%
Les Chateau	Condominiums	4,779	\$7,152	0.35%
Ultra Foods	Retail Grocer	4,384	\$6,169	0.32%

Note: Total billed flow for the 12 months ending December 31, 2000, was 1,360,244,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 1999**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	470,136	\$353,489	33.51%
Hampton in Highland	Apartment Complex	25,327	\$ 38,382	1.81%
School Town of Highland	Public Schools	10,714	\$ 21,709	0.76%
Pleasant View Dairy	Dairy Products	10,429	\$ 13,879	0.74%
Porte d' leau	Town House Assn	9,010	\$ 14,541	0.64%
Meyers Development	Condominiums	6,414	\$ 11,947	0.46%
Spot-Not Car Wash	Car Wash	5,688	\$ 7,373	0.41%
Ultra Foods	Retail Grocer	4,598	\$ 6,449	0.33%
Les Chateau	Condominiums	3,816	\$ 6,812	0.27%
ATG/Embassy Place	Condominiums	3,816	\$ 6,557	0.27%

Note: Total billed flow for the 12 months ending December 31, 1999, was 1,403,123,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 1998**

<u>User</u>	<u>Business</u>	<u>Consumption (1,000 Gallons)</u>	<u>Billed Revenue</u>	<u>Percentage of Billed Flow</u>
Town of Dyer	Municipality	425,039	\$328,258	32.31%
Hampton in Highland	Apartment Complex	23,827	\$ 37,930	1.81%
School Town of Highland	Public Schools	11,638	\$ 22,767	0.88%
Porte d' leau	Apartment Complex	9,953	\$ 15,306	0.76%
Pleasant View Dairy	Dairy Products	9,244	\$ 11,412	0.70%
Spot-Not Car Wash	Car Wash	5,921	\$ 7,896	0.45%
Ultra Foods, Inc.	Retail Grocer	5,008	\$ 6,974	0.38%
Chateau Bordeaux	Condominiums	3,788	\$ 6,741	0.29%
Meyers Development	Condominiums	3,257	\$ 7,328	0.25%
Round the Clock Restaurant	Restaurant	2,334	\$ 3,269	0.18%

Note: Total billed flow for the 12 months ending December 31, 1998, was 1,315,624,000 gallons.

**Town of Highland
Statistics by Economic Sector**

Industry Description	Number of Establishments		Number of Employees		Annual Payroll		Shipments/Sales/Receipts	
	Highland	Lake County	Highland	Lake County	Highland	Lake County	Highland	Lake County
Retail Trade	141	1,764	3,170	26,304	\$ 63,465,000	\$ 493,029,000	\$ 804,797,000	\$ 5,456,028,000
Real Estate, Rental and Leasing	26	405	87	2,016	\$ 1,414,000	\$ 46,834,000	\$ 8,859,000	\$ 259,110,000
Professional, scientific & technical	82	882	374	7,381	\$ 11,335,000	\$ 204,574,000	\$ 29,504,000	\$ 514,089,000
Administrative, Support and Waste Remediation Svcs	37	434	533	7,123	\$ 9,619,000	\$ 154,819,000	\$ 23,239,000	\$ 426,765,000
Educational Services*	6	77	91	D	\$ 789,000	\$ 500,000 - \$999,999	\$ 2,161,000	D
Health care & Social assistance	68	1,126	457	26,938	\$ 10,961,000	\$ 911,971,000	\$ 30,743,000	\$ 2,192,792,000
Arts, Entertainment, Recreation	5	101	D	4,999	\$ 100,000-\$249,000	\$ 114,647,000	D	\$ 551,245,000
Accommodation and Food Services	58	912	1,152	18,890	\$ 9,494,000	\$ 221,490,000	\$ 33,655,000	\$ 926,744,000
Other Services (Excludes Public Admin)	66	871	483	7,896	\$ 9,531,000	\$ 159,910,000	\$ 25,856,000	\$ 467,541,000
Wholesale Trade	32	478	275	5,933	\$ 7,991,000	\$ 450,224,000	\$ 208,279,000	\$ 3,538,212,000
Manufacturing	-	412	-	27,275	\$ -	\$ 1,358,631,000	\$ -	\$ 13,481,042,000
Information	7	113	36	2,384	\$ 823,000	\$ 76,955,000	N/A	N/A

* Excludes Elementary and Secondary Schools, Junior Colleges, Colleges, Universities and Professional Schools.

D Withheld to avoid disclosure of individual companies.

N/A Not Available

Source: U.S. Bureau of the Census, 2002 Economic Census, ECo2-IN, Geographic Area Series

**Town of Highland
Local Financial Institutions
Assets in the Town as of June 30, 2007**

Institutions	Assets in Highland as of 30 June 07	Pctge of Total	Assets in Highland as of 30 June 06	Pctge of Total	Number of Offices
First Financial Bank NA*	\$ 276,698,000	33.37%	\$ 289,161,000	38.78%	3
Centier Bank	\$ 148,842,000	17.95%	\$ 135,809,000	18.21%	2
First Midwest Bank**	\$ 220,808,000	26.63%	\$ 149,080,000	19.99%	3
Fifth/Third Bank	\$ 46,153,000	5.57%	\$ 45,041,000	6.04%	1
Standard Bank & Trust	\$ 38,596,000	4.66%	\$ 36,020,000	4.83%	1
JP Morgan Chase Bank NA***	\$ 34,397,000	4.15%	\$ 34,296,000	4.60%	1
Citizens Financial Services , FSB	\$ 31,532,000	3.80%	\$ 24,581,000	3.30%	1
Lake Federal Bank FSB	\$ 17,428,000	2.10%	\$ 15,433,000	2.07%	1
First Federal Savings and Loan Assn.	\$ 14,607,000	1.76%	\$ 13,855,000	1.86%	1
TCF National Bank****	\$ -	0.00%	\$ 2,388,000	0.32%	0
	\$ 829,061,000		\$ 745,664,000		14

Source: Federal Deposit Insurance Corporation/Office of Thrift Supervision

**Town of Highland
Intended Federal Funds Rate
Last Ten Years 1998 - 2007**

Months	2007	Change (in basis Points)	2006	2005	2004	2003	2002	2001	2000	1999	1998
January	5.25%	0.00	4.50%	2.25%	1.00%	1.25%	1.75%	6.00%	5.50%	4.75%	5.50%
February	5.25%	0.00	4.50%	2.50%	1.00%	1.25%	1.75%	5.50%	5.75%	4.75%	5.50%
March	5.25%	0.00	4.75%	2.75%	1.00%	1.25%	1.75%	5.00%	6.00%	4.75%	5.50%
April	5.25%	0.00	4.75%	2.75%	1.00%	1.25%	1.75%	4.50%	6.00%	4.75%	5.50%
May	5.25%	0.00	5.00%	3.00%	1.00%	1.25%	1.75%	4.00%	6.50%	4.75%	5.50%
June	5.25%	0.00	5.25%	3.25%	1.25%	1.00%	1.75%	3.75%	6.50%	5.00%	5.50%
July	5.25%	0.00	5.25%	3.25%	1.25%	1.00%	1.75%	3.75%	6.50%	5.00%	5.50%
August	5.25%	0.00	5.25%	3.50%	1.50%	1.00%	1.75%	3.50%	6.50%	5.25%	5.50%
September	4.75%	50.00	5.25%	3.75%	1.75%	1.00%	1.75%	3.00%	6.50%	5.25%	5.25%
October	4.50%	25.00	5.25%	3.75%	1.75%	1.00%	1.75%	2.50%	6.50%	5.25%	5.00%
November	4.50%	0.00	5.25%	4.00%	2.00%	1.00%	1.25%	2.00%	6.50%	5.50%	4.75%
December	4.25%	25.00	5.25%	4.25%	2.25%	1.00%	1.25%	1.75%	6.50%	5.50%	4.75%
Number of Annual Changes	3		4	8	5	1	1	10	3	3	3

Source: Federal Open Market Committee of the Federal Reserve Board of Governors

SANITARY DISTRICT
TOWN OF HIGHLAND
TEN YEAR STATISTICAL SUMMARY
(ENTERPRISE FUND ONLY)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Operating Revenues	\$ 3,146,397	\$ 2,961,916	\$ 3,009,709	\$ 2,230,218	\$ 2,145,852	\$ 2,193,742	\$ 2,063,314	\$ 2,169,744	\$ 2,165,596	\$ 2,113,670
Operating Expenses	3,626,984	3,626,763	2,656,792	2,351,970	2,606,103	1,656,334	2,200,209	2,106,133	2,081,461	1,798,761
Operating Income(Loss)	(480,587)	(664,847)	350,917	(121,752)	(460,251)	537,408	(136,895)	63,611	84,135	314,909
Nonoperating Revenues(Expenses)	355,863	293,088	245,420	393,725	677,781	23,173	84,872	133,650	87,937	25,746
Extraordinary Items	-	-	-	-	-	(240,000)	(240,000)	(230,000)	-	(40,000)
Operating Transfers Out	-	-	-	-	-	-	-	-	-	-
Net Income(Loss)	\$ (124,724)	\$ (371,759)	\$ 596,337	\$ 271,973	\$ 217,530	\$ 320,581	\$ (292,023)	\$ (32,739)	\$ 172,072	\$ 300,655
Current Assets	\$ 691,839	\$ 636,814	\$ 598,875	\$ 414,630	\$ 250,640	\$ 327,809	\$ 321,734	\$ 459,552	\$ 459,631	\$ 460,761
Restricted Assets	3,205,525	939,762	2,248,038	622,935	749,409	239,360	1,347,692	1,873,927	1,853,921	1,833,082
Const. in Progress & Land	145,350	57,789	401,739	378,833	521,645	1,176,212	16,513	18,329	5,545	-
Utility Plant in Service	21,096,176	20,110,943	18,357,155	18,235,323	10,716,152	9,791,680	9,524,633	8,946,862	8,552,960	6,038,593
Accumulated Depreciation	(10,222,818)	(10,051,739)	(9,635,350)	(9,166,230)	(5,763,876)	(5,520,665)	(5,395,097)	(5,170,263)	(4,926,016)	(3,871,498)
Deferred Charges	-	24,212	26,877	-	-	-	-	-	-	-
Total Assets	\$ 14,916,072	\$ 11,717,781	\$ 11,997,334	\$ 10,485,491	\$ 6,473,970	\$ 6,014,376	\$ 5,815,475	\$ 6,128,387	\$ 5,946,041	\$ 4,460,938
Current Liabilities	\$ 526,249	\$ 484,800	\$ 279,281	\$ 182,137	\$ 694,274	\$ 168,119	\$ 254,343	\$ 281,476	\$ 67,825	\$ 201,021
Long-Term Liabilities	4,320,694	1,012,291	1,125,604	40,882	46,583	38,617	34,073	52,310	69,551	17,163
	-	-	-	-	-	753,332	753,332	728,851	731,361	700,801
	-	-	-	-	-	5,054,308	4,773,727	5,065,750	3,714,025	3,541,953
Total Net Assets	10,069,129	10,220,690	10,592,449	10,262,472	5,733,113	-	-	-	-	-
Total Liabilities and Net Assets	\$ 14,916,072	\$ 11,717,781	\$ 11,997,334	\$ 10,485,491	\$ 6,473,970	\$ 6,014,376	\$ 5,815,475	\$ 6,128,387	\$ 4,582,762	\$ 4,460,938
Residual Equity Transfers Out:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (40,000)	-	-	-	-
Number of Customers:										
Residential	8053	8053	7991	8,032	8,210	7,945	7,893	7,789	7,657	7,463
Commercial et alia	838	801	826	818	826	797	799	800	794	774
Totals	8,891	8,854	8,817	8,850	9,036	8,742	8,692	8,589	8,451	8,237

WATERWORKS UTILITY
TOWN OF HIGHLAND
TEN YEAR STATISTICAL SUMMARY

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Operating Revenues	\$ 2,632,026	\$ 2,531,464	\$ 2,708,956	\$ 2,530,590	\$ 3,171,106	\$ 2,607,978	\$ 2,496,122	\$ 2,411,382	\$ 2,424,520	\$ 2,308,675
Operating Expenses	3,228,073	2,143,308	2,168,476	2,107,284	2,761,550	2,055,698	2,084,923	1,923,141	2,053,293	1,715,655
Operating Income(Loss)	(596,047)	388,156	540,480	423,306	409,556	552,280	411,199	488,241	371,227	593,020
Nonoperating Revenues(Expenses)	94,773	339,503	219,419	130,284	(1,737)	46,319	51,380	7,667	(182,128)	(163,485)
Extraordinary Items										
Net Income(Loss)	\$ (501,274)	\$ 727,659	\$ 759,899	\$ 553,590	\$ 407,819	\$ 598,599	\$ 462,579	\$ 495,908	\$ 189,099	\$ 429,535
Before contributions and transfers										
Current Assets	\$ 396,112	\$ 695,304	\$ 284,772	\$ 286,773	\$ 298,354	\$ 283,684	\$ 281,051	\$ 420,444	\$ 405,418	\$ 397,431
Restricted Assets	1,351,865	1,633,328	1,567,391	1,590,547	1,540,290	1,670,119	1,622,717	1,451,153	1,331,361	1,623,117
Utility Plant In Service	15,365,582	15,272,991	15,074,956	13,727,364	14,939,774	14,924,740	14,815,000	14,496,152	14,949,093	14,478,802
Accumulated Depreciation	(7,081,898)	(6,760,345)	(6,463,953)	(6,138,871)	(6,677,931)	(6,330,488)	(6,061,212)	(5,698,392)	(5,266,556)	(4,932,267)
Const. Work In Progress/Land	162,981	77,122	176,641	1,176,084	108,333	11,002		179,505	166,161	23,879
Deferred Debits	0	0	5,724	16,505	27,288	38,069	48,850	59,631	70,414	81,195
Total Assets	\$ 10,194,642	\$ 10,918,400	\$ 10,645,531	\$ 10,658,402	\$ 10,236,108	\$ 10,597,126	\$ 10,706,406	\$ 10,908,493	\$ 11,655,891	\$ 11,672,157
Current Liabilities	\$ 303,896	\$ 562,220	\$ 742,217	\$ 1,148,804	\$ 1,097,545	\$ 1,112,282	\$ 1,112,326	\$ 1,117,331	\$ 1,097,169	\$ 963,246
Long-Term Liabilities	86,557	8,110	282,672	700,946	1,502,877	2,256,977	2,964,812	3,655,304	4,303,881	4,703,573
	-	-	-	-	-	1,405,165	1,405,165	1,378,726	1,343,981	1,283,577
	-	-	-	-	-	5,822,702	5,224,103	4,757,132	4,910,860	4,721,761
Total Net Assets	9,804,189	10,348,300	9,620,641	8,808,652	7,635,686					
Total Liabilities, Contributions										
Total Liabilities and Net Assets	\$ 10,194,642	\$ 10,918,430	\$ 10,645,530	\$ 10,658,402	\$ 10,236,108	\$ 10,597,126	\$ 10,706,406	\$ 10,908,493	\$ 11,655,891	\$ 11,672,157
Number of Customers:										
Residential	8,208	8,176	8,137	8,225	8,510	8,149	8,104	8,003	7,820	7,622
Commercial et alia	822	828	853	848	838	819	821	823	818	803
Total	9,030	9,004	8,990	9,073	9,348	8,968	8,925	8,826	8,638	8,425

*Information is not available.

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TOWN OF HIGHLAND
Full-time Equivalent Town Government Employees by Function
Fiscal Years 2003 - 2007

Function	Fiscal Year				
	2003	2004	2005	2006	2007
Elected Official	1	1	1	1	1
General Government	11	11	11	11	11
Public Safety					
Police					
Sworn	43	37	43	39	41
non Sworn	9	8	7	8	9
(1) Fire					
Firefighters and officers	1	1	1	1	1
(1) Emergency					
Public Works					
Supervisors	2	2	2	2	2
Clerical	1	1	1	1	1
Highways and streets	15	11	11	12	11
Sanitation	10	6	6	6	6
Park and recreation	16	14	16	21	16
Redevelopment	0	0	1	1	1
Water	11	7	7	9	9
Sanitary District	3	3	3	3	3
Total	123	102	110	115	112

Source: Town of Highland Office of the Clerk-Treasurer

(1) Firefighters and EMT's are on call 24 hours a day. They are only paid when they are called into service.

This report should reflect 10 years of data. However, data was not readily available prior to 2003.

**Town of Highland
Contact Units of Service
Office of the Clerk-Treasurer
For the Year Ending December 31, 2007**

<u>Service Area</u>	<u>Weekdays in person</u>	<u>Weekdays by phone</u>	<u>Saturdays in person</u>	<u>Saturdays by phone</u>	<u>Total Service Contacts</u>	<u>Pctge.</u>
Utility Collections	<u>23,402</u>	<u>2,776</u>	<u>-</u>	<u>-</u>	<u>26,178</u>	56.0%
Building & Inspections	<u>4,683</u>	<u>4,545</u>	<u>-</u>	<u>-</u>	<u>9,228</u>	19.7%
Public Works	<u>1,761</u>	<u>3,415</u>	<u>-</u>	<u>-</u>	<u>5,176</u>	11.1%
Yard Waste Tags	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	0.0%
Other Matters	<u>2,730</u>	<u>3,474</u>	<u>-</u>	<u>-</u>	<u>6,204</u>	13.3%

TOTALS:	<u>32,576</u>	<u>14,210</u>	<u>-</u>	<u>-</u>	<u>46,786</u>	
2006	<u>51,269</u>	<u>30,778</u>	<u>-</u>	<u>-</u>	<u>82,047</u>	
2005	<u>25,778</u>	<u>51,654</u>	<u>-</u>	<u>-</u>	<u>77,432</u>	
2004	<u>24,868</u>	<u>20,327</u>	<u>688</u>	<u>271</u>	<u>46,154</u>	
2003	<u>43,053</u>	<u>26,348</u>	<u>1,611</u>	<u>680</u>	<u>71,692</u>	
2002	<u>9,970</u>	<u>4,814</u>	<u>324</u>	<u>90</u>	<u>15,198</u>	
2001	<u>24,197</u>	<u>19,730</u>	<u>668</u>	<u>271</u>	<u>44,866</u>	
2000	<u>24,918</u>	<u>19,363</u>	<u>839</u>	<u>239</u>	<u>45,359</u>	
1999	<u>11,892</u>	<u>7,668</u>	<u>590</u>	<u>120</u>	<u>20,270</u>	
1998	<u>18,587</u>	<u>11,811</u>	<u>782</u>	<u>250</u>	<u>31,430</u>	
Year 2007 Contacts by Phone	14,210	30%	Year 2007 Contacts on Saturdays	-	0%	
Year 2007 Contacts in Person	32,576	70%	Year 2007 Contacts in Weekdays	46,786	100%	

Service contacts are tracked by staff on a weekly basis using a tally sheet. A mark is made for each contact by category. The method admits of some error. So all numbers above should be construed as estimates. Owing to cash flow and spending concerns, **Saturday hours were suspended in June of 2004.** This affected the regular tallies by staff.

TOWN OF HIGHLAND
Operating Indicators by Function
Fiscal Years 2003 - 2007

<u>Function</u>	<u>Fiscal Year</u>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government					
Clerk-Treasurer Contact Units of Service					
Utility Collections	30,939	19,047	44,107	43,771	26,178
Building & Inspections referrals	9,592	7,109	12,080	13,629	9,228
Public Works referrals	5,133	3,109	5,115	5,016	5,176
Yard Waste Tags	13,746	6,875	6,636	2,191	
Other	12,282	9,994	9,494	17,440	6,204
Police					
Citations	4,341	5,579	5,186	5,234	4,564
Warnings Written	4,054	6,203	5,658	5,480	5,423
Parking Citations	36	57	37	43	17
DUI/OWI Arrests	156	162	174	210	218
Accident Arrests	272	293	217	240	224
Accidents Investigated	1,295	1,207	1,142	1,074	1,090
Criminal Arrests	320	370	349	388	364
Fire					
Structure Fires	11	13	22	25	12
Vehicle Fires	28	21	21	20	12
General Alarms/False Alarms	122	118	118	114	138
Brush fires, carbon monoxide calls, hazmat, €	135	107	94	100	132
Ambulance - back-up to service provider	12	9	9	5	1
Emergency/Ambulance Provider					
Dispatched to:					
Private Residence	N/A	148	1,386	1,295	1,224
Commercial Property	N/A	17	113	209	259
Public Property and Streets	N/A	21	94	195	347
Advanced Life Support Transports	N/A	70	666	705	766
Basic Life Support Transports	N/A	45	157	341	344
Dry Runs, Refusal of Services	N/A	71	570	653	693

Source: Various Town of Highland Departments.

Continued on next page

This report should reflect 10 years of data. However, data not available prior to 2003.
 See Clerk-Treasurer service units

TOWN OF HIGHLAND
Operating Indicators by Function, continued
Fiscal Years 2003 - 2007

Function	Fiscal Year				
	2003	2004	2005	2006	2007
Highways and streets					
Street resurfacing (miles)	2.18	0.59	8.47	8.47	4.34
Sanitation					
Refuse collected (annual tons)	9,856.80	10,530.28	9,354.78	11,417.32	10,731.75
Recyclables collected (annual tons)	2,118.57	2,215.13	2,052.93	2,263.93	2,050.85
Parks and Recreation (1)					
Leases	\$ 152,880	\$ 156,118	\$ 164,105	\$ 161,500	\$ 149,575
Community Center/Events	65,721	66,108	57,677	41,857	82,328
Softball	170,980	172,258	163,670	164,328	166,681
Basketball	34,641	44,457	41,238	38,084	36,498
Seniors Programs	41,434	65,273	106,178	103,629	92,037
Children's Programs	33,187	26,827	32,766	35,701	32,341
Gymnastics	16,377	16,619	22,269	19,296	18,201
Adult Fitness	28,618	21,851	26,434	25,498	57,272
Dance (Adult & Youth)					23,941
Park Program Participation					
Resident				4,597	8,820
Non-Resident				3,030	5,047
Audiences				4,200	9,200
Participants				2,630	480
Total:				14,457	23,547
Water					
New Connections	40	31	26	26	26
Avg. Daily Consumption (millions of gallons)	3.706	3.842	4.001	3.800	4.054
Sanitary District					
New Connections (Sanitary & Storm)	74	53	38	38	37
Avg. Daily Treatment (millions of gallons)	2.722	2.801	2.989	3.780	3.096

Source: Various Town of Highland Departments.

(1) The Parks and Recreation Department tracked usage by revenues generated not participation in events in years prior to 2006.

This report should reflect 10 years of data. However, data not available prior to 2003.

TOWN OF HIGHLAND
Capital Asset Statistics by Function
Fiscal Years 2003 - 2007

Function	Fiscal Years				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government	1	1	1	1	1
Buildings	1	1	2	2	2
Vehicles	1	2	3	3	3
Monuments					
Public Safety					
Police					
Stations	1	1	1	1	1
Off-site storage Facility	17	28	27	37	37
Marked Patrol Vehicles	1	1	1	1	1
K-9 Vehicles	10	9	11	10	10
Unmarked Vehicles	2	1	1	1	1
Motorcycles	1	1	1	1	1
Animal Control Vehicle			1	4	4
Volunteers In Police Service Vehicles					
Fire	2	2	2	2	2
Stations	10	10	10	10	10
Fire Fighting Vehicles	2	2	2	2	2
General vehicles					
Highways and streets					
Streets (miles)	N/A	N/A	89.28	89.28	88.99
Street lights	121	121	121	121	121
Traffic signals	20	20	21	21	21

Source: Various City Departments

Continued on next page

This report should reflect 10 years of data. However, data not available prior to 2003.

TOWN OF HIGHLAND
Capital Asset Statistics by Function, continued
Fiscal Years 2003 - 2007

Function	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Parks and recreation					
Parks acreage	250	250	250	250	250
Parks	22	22	22	22	22
Picnic Shelters	4	4	4	4	4
Gazebos	2	2	2	2	2
Tennis courts	6	6	6	6	6
Basketball Courts (indoor)	5	5	5	5	5
Basketball Courts (outdoor)	10	10	10	10	10
Baseball Fields	9	10	10	10	10
Softball Fields	11	11	11	11	11
Soccer Fields	5	9	9	9	9
Community use centers	1	1	1	1	1
Bike trails (miles)	4	4	4	4	4
Tractors/Mowers	12	12	12	12	12
Vehicles	11	11	10	10	10
Water					
Water mains (miles)	86.04	86.04	88.27	88.27	88.27
Fire Hydrants	550	600	600	600	720
Storage Capacity (MG)	7.5	7.5	7.5	7.5	7.5
Sanitary District					
Sanitary (Waste water) sewer lines(miles)	73.45	73.45	74.10	74.10	74.10
Lift stations (Sanitary)	10	10	10	10	10
Sanitary Retention Basins	2	2	2	2	2
Storm sewer lines(miles)	58.14	58.14	58.27	58.27	58.27

Source: Various City Departments

This report should reflect 10 years of data. However, data not available prior to 2003.

Highland Town Board of Trustees Presidents of the Board

1st President

- Charles Wirth, 1910-1921

2nd President

- Garrett, Krooswyk, 1922-1927

3rd President

- Charles Wirth, 1928-1929

4th President

- B.I. Weller, 1930-1931

5th President

- George Brant, 1932, Jan – Sep, 1933

6th President

- B.I. Weller, Sep-Dec, 1933

7th President

- Frank A. Thwing, 1934-1939

8th President

- Andrew Wagner, 1940-1943

9th President

- Thomas Stidham, 1944

10th President

- John A. Blom, 1946-1947

11th President

- John DeLeeuw, 1948-1950

12th President

- Ralph Dunn, 1951

13th President

- John Farmer, Jan –Oct 20, 1952

14th President

- Robert Ross, Oct 21'52– July 1, 1953

15th President

- Benjamin Gearhart, July 2,'53- May 1, '54

16th President

- James Bateman, May 2, 1954- Mar 15, 1955

Highland Town Board of Trustees Presidents of the Board

17th President

- Michael Kruglinsky, Mar 16 – Dec 1955

18th President

- John Farmer, 1956-1959

19th President

- Donald R. Adams, 1960-1963

20th President

- David Morrow, 1964-1965

21st President

- Paul Doherty, 1966-1967

22nd President

- George Van Prooyen, 1968

23rd President

- Lynn Powell, Jan 20-Dec, 1969

24th President

- George Van Prooyen, 1970

25th President

- Lynn Powell, 1971

26th President

- Chester Napiwocki, 1972

27th President

- Robert Engerski, 1973

28th President

- Jack Silverman, 1974

29th President

- Paul Doherty, 1975

30th President

- George Van Til , 1976

31st President

- James L. Wieser , 1977

**Highland Town Board of Trustees
Presidents of the Board**

32nd President

- Paul Doherty , 1978

33rd President

- David Morrow , 1979

34th President

- James L. Wieser , 1980

35th President

- John Oakley , 1981

36th President

- Thurman Ferree , 1982-1983

37th President

- Carl Miklusak , 1984

38th President

- John Oakley , 1985

39th President

- Thurman Ferree, 1986

40th President

- Dennis Tobin , 1987

41st President

- John Oakley , 1988

42nd President

- Dennis Tobin , 1989

43rd President

- Dominic Noce, 1990

44th President

- Dennis Tobin, 1991

45th President

- Lynn R. Powell, 1992

**Highland Town Council
Presidents of the Council**

46th President

- Lance Ryskamp, 1993

47th President

- George Georgeff, 1994-1995

48th President

- Dennis Simala , 1996

49th President

- Larry Wolendowski, 1997

50th President

- Dennis Simala, 1998

51st President

- Charles Podgorny, 1999

52nd President

- George Georgeff, 2000

53rd President

- Mark A. Herak, 2001-2005

54th President

- Joseph A. Wszolek, 2006

55th President

- Daniel Dernulc, 2007

56th President

- Bernie Zemen, 2008

Town of Highland Miscellaneous Statistics and Facts

Population (2000): 23,546

Male: 11,297
 Female: 12,249
 Veterans 2,478
 Median age: 39.8 years

Work force Total: 12,683 of this 5,998 are female
 Per Capita Income: \$24,530 (2000)
 Median Household Income: \$51,297 (2000)
 Education: (2000)
 Bachelors Degree or Higher 22.1 %
 Persons 25 years and older w/High School diploma 87.8%

Population History:

Year	Town of Highland Population	Pct change	Lake County Population	Pct change
1940	2,723		293,195	
1950	5,878	115.9%	368,152	25.6%
1960	16,284	177.0%	513,269	39.4%
1970	24,947	53.2%	546,253	6.4%
1980	25,935	4.0%	522,917	(4.3%)
1990	23,696	(8.6%)	475,594	(9.0%)
2000	23,546	(0.63%)	484,564	1.88%

Registered Voters: 17,402 (06/15/01)

Housing:	<u>1990</u>	<u>2000</u>
Total Housing Units	8,892	9,925
Total Occupied Units	8,728	9,636
Owner Occupied:	6,939	7,569

Year Structure Built:

1990-2000	10.4%
1980-1990	5.1 %
1970-1980	19.2%
1960-1969	26.9%
1950-1959	25.9%
1940-1949	7.7%
1939 or earlier	4.8%

Elevation:

North of Ridge 595 above sea level
 South of Ridge 615 above sea level
 Area: 7 square miles (6.9 sq. miles)
 Road miles: 88.99 miles
 Sanitary Sewer Lines: 74.10 miles (12/05)
 Water Lines: 88.27 miles (12/05)
 Storm Sewer Lines: 58.27 miles (12/05)
 Sanitary Manholes: 1092 precast/628 block
 Storm Manholes: 858 precast/320 block
 Sidewalk 8,935 feet

Census Populations of Lake County's 19 Municipalities

	1990	2000
City of Gary	116,646	102,746
City of Hammond	84,236	83,048
City of East Chicago	33,892	32,414
Town of Merrillville	27,257	30,560
City of Hobart	21,822	25,363
Town of Schererville	19,962	24,851
Town of Highland	23,696	23,546
Town of Munster	19,949	21,511
Town of Griffith	17,916	17,334
City of Crown Point	17,728	19,806
City of Lake Station	13,899	13,948
Town of Dyer	10,923	13,895
Town of Cedar Lake	8,885	9,279
Town of St. John	4,921	8,382
Town of Lowell	6,430	7,505
City of Whiting	5,155	5,137
Town of Winfield	645	2,298
Town of New Chicago	2,066	2,063
Town of Schneider	310	317

Highland is the seventh largest municipality and the third largest town in Lake County.

Distance and Direction to Major Cities

Chicago, IL	(NW)	21 miles
Indianapolis, IN	(SE)	165 miles
Detroit, MI	(NE)	250 miles
Toledo, OH	(E)	210 miles

Climate

Coldest mo:	January	Hottest month:	July
Average Temp	20.1 F.	Average Temp	72.9 F.

ISO Fire Service Rating: 4

Overlapping Governments Serving the Town of Highland

Name of Government	Net Assessed Valuation Pay 2007
Lake County	\$ 23,113,199,584
Lake County Solid Waste District	\$ 23,113,199,584
Lake County Library District	\$ 13,520,466,635
North Township	\$ 7,189,678,990

School Town of Highland	\$ 1,311,072,791*
Town of Highland	\$ 1,311,072,791*

* Certified NAV is not the same as the Tax Abstract AV.

Cities and Town Facts for Indiana

There are 567 cities and towns in Indiana. 119 cities (1 city of the first class; 19 cities of the second class and 98 of the third class with 448 towns. There are 79 Towns with a total population over 2,000 and 369 with populations of 2000 or less.)

Cities and Towns in Indiana Census of Elected Officials (2000) revised mid-term

119	Mayors
448	Clerk-Treasurers in Towns
99	Clerk-Treasurers in Cities
19	City Clerks
1	Appointed City-County Clerk of Council
775	City Councilors
1,516	Town Councilors
76	City or Town Court Judges

567 Cities and Towns in Indiana

119	Cities (Update)
	• 1 Consolidated City (1 st Class)
	• 19 Cities of the Second Class
	• 99 Cities of the Third Class
448	Towns